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FOREWORD

by Juan A. Seif
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With the dawn of the 21st century less than 12 years away it is natural to look ahead and anticipate worldwide conditions beyond the year 2000. This is a particularly appealing endeavor for those of us associated with the hotel and tourism industries, since technological advancements will continue to contribute significantly to the excitement of working within these industries in the future.

A window to the future of these industries certainly would be a great asset in planning for the 21st century. Predicting guest needs, improving operational efficiency, understanding leisure time trends and habits, and anticipating migration and travel patterns are all areas that would provide significant competitive advantages if we could see into the future.

For many industries, speculation about the future is limited to lively banter when groups of industry professionals gather. The worldwide hotel industry, however, will shortly have a unique opportunity to consider actual aspects of its future. The International Hotel Association (IHA) has commissioned Horwath & Horwath International (HHI) member firms worldwide to research the environment of the international hotel industry in the 21st century. This research project is the first of its kind and its findings are designed to enable hoteliers to manage the changes that will likely occur in all aspects of hotel development, operations and marketing. These findings will be presented at IHA's annual meeting in Delhi in October 1988. Subsequently, the results will be published and made available to the industry.

While research is being conducted into all aspects of future hotel industry conditions, the findings will focus on the following main issues:

- external influences affecting the industry,
- internal influences on the hotel product,
- human resources.

Although research data is still being compiled, some interesting trends and observations are evolving. Many of these anticipated changes pertain to the hotel room of the future, its makeup and living space. For instance, room reservations could be made through one of the available megareservation systems, which also would accept car rental, airline, entertainment and dining reservations. On arrival at a hotel, guests would go directly to their rooms, since room assignments would be confirmed at the same time the reservations were made. Guests would be assisted by robot valets that would help bring luggage to their rooms. This experience would be followed by a hand or voiceprint identifications, which will have replaced room keys and cards. Once in the room, the guests likely will experience an environment quite different than it is today, but not unlike what their normal living situation will be.

In the rooms, fingerprint or voice-activated portable environmental control pads, currently in the development stage, would provide access to such features as a picture phone, bar, safe, as well as room security, music, and holographic screen controls; temperature, humidity and lighting management; and a keypad for money transfer and other numeric functions. All room electronics will be inexpensive, use low-hazard, low-voltage wiring and operate off a central hotel transformer.

The holographic screen, in some rooms, may be the size of an entire wall and would display three-dimensional movies, concerts, maps of the hotel and local streets, and display activities directories in front of the screen.

While the anticipated advances in room design are certainly exciting, they are only a small part of the evolutionary process that the hotel and tourism industries will experience. New, exciting destinations will vie for the vacation dollar as well as an increasing variety of types of vacations.

Advances in aircraft design and other types of transport technology will get travelers to their destinations faster and with fewer stops. Technological advancements, including telecommunications, banking, central reservations systems, catering equipment and computers, will have a profound effect on hotels in the future. Not only will they improve hotel operations, but also dramatically enhance the guests stay.

Another area that will receive considerable attention in our report is human resources. In a service-oriented industry, the character of the product will largely be a function of the quality of employee performance. This is a time-tested axiom that will not change regardless of how many functions currently performed by humans are eventually replaced by advances in technology. So even with the expected labor shortages and projected increases in labor costs, the proper training of employees will become even more important in the future.

Our study will also address the issue of currency exchange rates. Recently, renewed interest in this topic has revealed interesting trends. Today, quickly changing currency exchange rates significantly influence the cost of international travel. Changes to a currency's value can make a destination unaffordable for many travelers, or make it a significant bargain. A favorable currency exchange rate can completely wipe out or help to offset increases in the inflation rate and cause deflation for international travelers thereby increasing the desirability of the location.

The rise and fall of the U.S. dollar during the 1980s illustrates the effect of a strong fluctuation in currency on the flow of international travel. At the end of 1985, the value of the U.S. dollar was down 17.7 percent against European currencies from the prior year. As a result, 1.331 million *fewer* Americans traveled to Europe during 1986, over a 20 percent decline. Con-

versely, during that same year more than 815,000 Europeans went to America than the year before, almost a 30 percent increase. While some factors other than changes in currency values may have caused the shift in travel, the relationship is undeniable.

For the most part, governments have recognized the importance of exchange rates in luring international travelers and their money. During summer 1986, China devalued its currency approximately 13 percent against other major currencies. Its primary motivation was to reverse declines in foreign investment, foreign exchange reserves and the number of tourists, which had occurred due to the unfavorable exchange rates.

Governments also can reduce the impact of currency fluctuations between countries, thereby stifling the impact exchange rates can have. This is true of the countries in the European Monetary System, established in March 1979 by nine European countries with the objective of creating monetary cooperation among the member countries.

Individual firms also recognize the significance of currency exchange rates on international travel flow. American Express Travel Related Services announced in February 1988 that it would guarantee prices for all its 1988 tours, thereby protecting travelers from unexpected surcharges and volatile currency fluctuations. These prepaid escorted tours are advantageous to travelers originating from countries where currencies are losing value.

Obviously, many other changes will occur within the international hotel and tourism industries. This foreword provides only a small part of the findings that HHI will present to the IHA during its annual Congress. Not only will the findings be presented but they will also be discussed at length in seminars throughout the Congress. We believe that the information HHI has developed will be a very important, if not a required, management tool of the future.

Without the help of the many hotel industry experts around the world and other concerned and interested parties, HHI would not have been able to complete this massive endeavor successfully. We wish to express our sincere appreciation to those who have assisted us in this effort.

AVANT-PROPOS

A l'aube du 21ème Siècle, dans à peine 12 ans, il semble naturel de se projeter dans le futur et d'anticiper les conditions mondiales qui prévaudront au-delà de l'an 2000. C'est une tâche particulièrement tentante pour ceux d'entre nous concernés par les industries du tourisme et de l'hôtellerie, dans la mesure où les progrès technologiques continueront de contribuer de manière importante à l'attrait de l'emploi dans ce secteur, à l'avenir.

Un regard sur le futur de cette industrie serait certainement d'un grand secours pour planifier le 21ème Siècle.

Prévoir les besoins des clients, améliorer l'efficacité opérationnelle, comprendre les tendances des loisirs et les habitudes attachés à ce secteur, anticiper les mouvements migratoires et de voyages, sont autant de domaines qui assureraient d'importants avantages compétitifs, si l'on pouvait lire dans le futur.

Pour de nombreux secteurs industriels, la spéculation sur le futur se limite à des discussions animées à l'occasion de réunions professionnelles. L'industrie hôtelière mondiale, cependant, disposera bientôt d'une opportunité exceptionnelle pour considérer les aspects concrets de son futur.

L'Association Internationale de l'Hôtellerie (I.H.A.) a en effet mandaté les firmes membres de Horwath & Horwath International dans le monde, à conduire une recherche sur l'environnement de l'industrie hôtelière internationale au 21ème Siècle. Cette recherche est la première de ce type, et ses résultats doivent permettre aux hôteliers de gérer les mutations qui ne manqueront pas d'intervenir dans tous less aspects du développement, de l'exploitation, et du marketing hôtelier.

Ces résultats seront présentés au Congrès Annuel de l'I.H.A. à Delhi en Octobre 1988. Par la suite, ils seront publiés et rendus disponibles pour l'industrie. Même si cette recherche a été menée sur tous les aspects des conditions futures de l'industrie hôtelière, les résultats seront principalement axés sur les points suivants:

- influences externes affectant l'industrie
- influences internes affectant le produit hôtelier
- ressources humaines.

Bien que les données de cette étude soient encore en cours de dépouillement, quelques tendances et observations intéressantes se dégagent. Beaucoup, parmi les changements anticipés concernent la chambre du futur, sa conception, et son espace. Par exemple, la réservation chambre pourra être faite par l'un des méga-systèmes de réservation existant sur le marché, qui acceptera aussi de procéder aux réservations d'une voiture de location, d'un siège d'avion, d'une place de spectacle ou de restaurant. A l'arrivée à l'hôtel, le client ira directement à sa chambre, puisque l'allocation de la chambre aura déjà été confirmée en même temps que la prise de réservation. Le client sera assisté par des valets-robots qui l'aideront au transport des bagages dans sa chambre. Ensuite, il accèdera à sa chambre par un système d'identification basé sur la voix ou la main, qui aura remplacé les systèmes actuels de clés ou de cartes. Une fois dans sa chambre, le client connaîtra un environnement très différent de celui d'aujour-d'hui, mais probablement peu différent de ses propres conditions normales d'habitation à cette époque.

Dans les chambres, des blocs de contrôle portables activés par empreinte digitale ou vocale, actuellement en phase de développement, permettront d'accéder à des services tels que téléphone à image, bar, coffre-fort, mais aussi aux systémes de contrôle de sécurité de la chambre, des programmes musicaux, et d'un écran holographique; par là, il règlera également le degré de température, d'humidité et d'éclairage de sa chambre; et pourra par clavier transférer de l'arguent ou accéder à d'autres fonctions numériques.

Toute l'électronique des chambres sera peu coûteuse, fiable, de faible voltage et opèrera à partir d'un transformateur central de l'hôtel.

L'écran holographique, dans certaines chambres, pourra couvrir le mur entier, et projettera des films en relief, des concerts, des cartes de l'hôtel et des rues avoisinantes, et projettera les listes des activités.

Bien que les progrès anticipés dans la conception de la chambre soient certainement excitants, ils ne constituent qu'une petite part du processus d'évolution qui

affectera l'industrie du tourisme et de l'hôtellerie. De nouvelles destinations attirantes disputeront le marché du "dollar vacances", de même qu'une variété accrue de types de vacances.

Les progrès technologiques dans la conception des avions et des autres types de transport amèneront plus vite les voyageurs vers leur destination, et avec moins d'escales. Les percées technologiques, incluant les télécommunications, les systèmes bancaires, les systèmes de réservation centrale, le matériel de restauration traiteur, et les ordinateurs, auront un effet prononcé sur les hôtels de l'avenir. Ils ne feront pas qu'améliorer l'exploitation hôtelière, mais amélioreront aussi énormément le séjour du client.

Les ressources humaines sont un autre domaine sur lequel notre étude portera une attention particulière. Dans une industrie de service, le caractère du produit offert sera largement fonction de la qualité de service présenté par les employés. C'est un axiome éprouvé par l'expérience et qui ne changera pas, quels que soient les services actuellement rendus par l'homme qui pourront être éventuellement remplacés par les progrès technologiques. Même avec le manque de personnel attendu et l'augmentation probable des coûts salariaux, la formation deviendra plus importante dans le futur.

Notre étude abordera aussi le problème des taux de change. Récemment, le nouvel intérêt porté sur ce thème a révélé des tendances intéressantes. Aujourd'hui, les variations rapides des taux de change influencent de manière importante le coût du tourisme international. De simples variations des niveaux de change peuvent rendre inaccessible une destination pour beaucoup de touristes, ou au contraire, lui faire faire une bonne affaire. Un taux de change favorable peut complètement effacer ou aider à contrebalancer les effets de l'inflation, et procurer une déflation à l'égard des touristes internationaux, accroissant en conséquence la désirabilité de la destination.

Les hauts et les bas du dollar américain dans les années 1980 illustrent les effets d'une forte fluctuation d'une monnaie sur les flux touristiques internationaux. Fin 1985, la valeur du dollar américain avait baissé de 17,7% par rapport aux monnaies européennes en comparaison avec l'année précédente. En conséquence, 1,331 million d'américains en moins ont visité l'Europe en 1986, soit une baisse de plus de 20%. A l'inverse, durant la même année, plus de 815 000 européens par rapport à 1985, ont visité l'Amérique, soit une hausse de près de 30%. Même si d'autres facteurs que les fluctuations de change peuvent avoir influencé ce mouvement, la relation est indéniable.

Pour la plupart, les gouvernements ont reconnu l'importance des taux de change pour l'attraction des touristes internationaux et de leurs devises. Durant l'été 1986, la Chine a dévalué sa monnaie de près de 13% vis-à-vis des principales devises. Sa motivation première a été de renverser la tendance au déclin des investissements étrangers, des réserves de devises, et du nombre de touristes, provoquée par une situation de change défavorable.

Les gouvernements peuvent également atténuer l'impact des variations de change inter-pays, contenant de ce fait l'impact que les taux de change peuvent exercer. C'est vrai pour les pays du Système Monétaire Européen, établi en mars 1979 par 9 pays de la C.E.E., avec l'objectif de créer une coopération monétaire entre pays membres.

Les firmes indépendantes reconnaissent aussi l'importance des taux de change sur les flux internationaux. American Express Travel annonçait en février 1988 qu'il garantissait les prix de tous ses tours 1988, protégeant par la même les voyageurs de surcoûts imprévus et de variations de change volatiles.

Ces séjours touristiques accompagnés et prépayés sont avantageux pour les voyageurs venant de pays à monnaie faible.

Evidemment, beaucoup d'autres changements interviendront dans les industries du tourisme et de l'hôtellerie. Ce préambule ne donne qu'une faible partie des données que Horwath & Horwath International escompte présenter au Congrès Annuel de l'I.H.A. Nous pensons que l'information produite par Horwath & Horwath International constituera un outil de gestion du futur très important, sinon même indispensable.

Sans l'aide de nombreux experts de l'industrie hôtelière à travers le monde, et celle de parties intéressées ou concernées par le sujet, Horwath & Horwath International n'aurait pas pu réaliser cette tâche exceptionnelle avec succès. Nous voulons exprimer nos remerciements à tous ceux qui nous ont assisté dans cet effort.

VORWORT

Mit dem Anbruch des 21. Jahrhunderts in weniger als 12 Jahren ist es ganz normal, vorauszuschauen und sich über die weltweite Lage über das Jahr 2000 hinaus Gedanken zu machen. Dies ist ein besonders starkes Bestreben für all diejenigen von uns, die mit dem Hotel- und Tourismusbereich verbunden sind, da technologische Entwicklungen auch weiterhin beträchtlich zu dem Anreiz beitragen werden, künftig in diesen Industriezweigen zu arbeiten.

Ein Fenster in die Zukunft dieser Branchen würde sicherlich einen großen Vorteil für die Planungen ins 21. Jahrhundert bedeuten. Wenn wir in die Zukunft sehen könnten, würde das wesentliche Wettbewerbsvorteile mit sich bringen, da z.B. die Gästebedürfnisse vorhergesagt werden könnten, man würde die Einsatzfähigkeit verbessern, die Freizeittrends und -gewohnheiten könnten besser interpretiert werden, und es wäre möglich, sich auf die künftigen Reiseströme und -verhaltensweisen besser einzustellen.

In vielen Branchen ist das Nachdenken über künftige Entwicklungen beschränkt auf Unterhaltungen zwischen Branchenangehörigen. Die weltweite Hotellerie jedoch wird in Kürze eine einzigartige Gelegenheit haben, ihre Zukunftsaspekte zu erörtern. Die 'International Hotel Association' (IHA) hat Mitgliedsfirmen von Horwath & Horwath International (HHI) in der ganzen Welt beauftragt, das Umfeld auf dem internationalen Hotelmarkt im 21. Jahrhundert zu untersuchen. Dieses Forschungsprojekt ist das erste dieser Art und die erzielten Ergebnisse sind dazu bestimmt, es den Hoteliers zu ermöglichen, mit den Änderungen, die sich in allen Bereichen der Hotelentwicklung, des Hotelbetriebes und des Marketing ergeben können, fertig zu werden. Diese Ergebnisse werden anläßlich des IHA-Jahres-Treffens im Oktober 1988 in Neu-Delhi bekanntgegeben werden. Anschließend werden sie veröffentlicht und der Industrie zugänglich gemacht.

Während die Untersuchungen nach allen Gesichtspunkten künftiger Hotelmarktbedingungen durchgeführt werden, konzentrieren sich die Resultate auf folgende Schwerpunkte:

- Externe Einflüsse, die sich in der Hotellerie auswirken
- Interne Einflüsse auf das Hotelprodukt
- Personal

Obwohl das Untersuchungsmaterial noch nicht vollständig zusammengestellt ist, haben sich einige interessante Trends und Beobachtungen herauskristallisiert. Viele der prophezeiten Änderungen beziehen sich auf das Hotelzimmer der Zukunft, sein Aussehen und seinen "Lebensraum". Zimmerreservierungen könnten beispielsweise durch eines der zur Verfügung stehenden Mega-Reservierungssysteme erfolgen, durch die auch Mietwagen-, Flug-, Unterhaltungs- und Restaurantreservierungen vorgenommen werden können. Nach Ankunft in einem Hotel würden die Gäste direkt auf ihre Zimmer gehen, da die Zimmerzuweisungen im Zeitpunkt der Reservierung bestätigt werden. Roboter-Hoteldiener würden den Gästen behilflich sein, das Gepäck zu den Zimmern zu bringen. Die Türen werden durch Identifizierungsvorrichtungen, die auf Handabdruck oder die Stimme reagieren, geöffnet, was Zimmerschlüssel oder Code-Karten ersetzt haben wird. Sind die Gäste dann in ihren Zimmern, werden sie sich in einer Umgebung befinden, die sich von der heutigen zwar stark unterscheidet, sich jedoch nicht im krassen Gegensatz zu deren normalen Lebensgewohnheiten präsentiert.

In den Zimmern gäbe es durch Fingerabdruck oder durch die Stimme zu aktivierende tragbare Kontrollgeräte, die sich derzeit im Entwicklungsstadium befinden, durch die man z.B. Zugriff auf ein Bildtelefon hat, eine Bar, einen Tresor, sowie Zimmersicherung, Musik und die Steuerungen eines Holographie-Bildschirms; Temperatur-, Feuchtigkeits- und Beleuchtungsregelung; sowie einen Code-Schlüssel für Geldtransfer und viele ähnliche Funktionen. Die gesamte Zimmerelektronik wird preiswert sein, betrieben durch Niedrigspannung, die von einem zentralen Transformator des Hotels aus gesteuert wird.

In einigen Zimmern könnten die Holographie-Bildschirme eine gesamte Wand einnehmen. auf die dreidimensionale Filme, Konzerte, Pläne des Hotels oder des örtlichen Straßennetzes projiziert werden könnten, ebenso wie Verzeichnisse von Beschäftigungsmöglichkeiten, wie z.B. Computerspiele.

Zwar sind die angenommenen Entwicklungen in der Zimmergestaltung gewiss hochinteressant, doch sind sie nur ein kleiner Teil der Weiterentwicklungsprozesse, die der Hotel- und Tourismusbereich erfahren wird. Neue attraktive Ferienziele werden mit der wachsenden Vielfalt unterschiedlicher Ferientypen um das Geld der Urlauber in Wettbewerb treten.

Fortschritte im Flugzeugbau und in anderen Bereichen des Transportwesens werden die Reisenden schneller und mit weniger Zwischenstops an ihre Ziele bringen. Technologische Fortschritte, u.a. im Bereich des Fernmeldewesens, Bankgeschäfte, zentrale Reservierungssysteme, Gaststätteneinrichtungen und Computer, werden tiefgreifende Auswirkungen auf Hotels in der Zukunft haben. Sie werden nicht nur den Hotelbetrieb verbessern, sondern auch den Aufenthalt für den Gast aufwerten.

Ein anderes Gebiet, das in unserem Bericht besondere Aufmerksamkeit erhalten wird, ist der Personalbereich. In einer Dienstleistungs-Branche ist der Charakter des Produktes größtenteils von der Qualität der Leistungen der Angestellten abhängig. Dies ist eine oft getestete Tatsache, die sich auch nicht ändern wird, unabhängig davon, wieviele Leistungen die heute von Menschen erbracht werden, durch eventuelle technologische Fortschritte ersetzt werden. Selbst im Hinblick auf die zu erwartanden Personaleinsparungen und die höheren Personalkosten wird die gründliche Ausbildung der Arbeitskräfte in der Zukunft noch wichtiger werden.

Unsere Studie wird auch die Wechselkursschwankungen untersuchen. Kürzlich haben sich auf diesem Gebiet interessante Entwicklungen gezeigt. Heute werden die Preise im internationalen Reiseverkehr durch sehr schnell wechselnde Währungskurse stark beeinflußt. Währungsschwankungen können ein Reiseziel für viele Touristen unerschwinglich oder andererseits zu einem tollen Sonderangebot werden lassen. Ein günstiger Währungskurs kann Erhöhungen der Inflationsraten völlig oder teilweise ausgleichen und Deflationen für internationale Reisende bewirken, wodurch sich die Beliebtheit eines Zielortes noch steigern kann.

Der wechselweise Anstieg bzw. Wertverlust des U.S.-Dollar in den 80er Jahren veranschaulicht die Auswirkungen einer starken Währungsfluktuation auf den internationalen Reiseverkehr. Ende 1985 lag der U.S.-Dollar-Wert auf dem europäischen Markt 17,7% unter dem Vorjahreswert. Demzufolge reisten in 1986 1,331 Millionen *weniger* Amerikaner nach Europa; ein Rückgang von mehr als 20%. Im Gegenzug reisten 815.000 Europäer mehr im gleichen Jahr nach Amerika als im vorangegangenen Jahr; ein Anstieg von fast 30%. Auch wenn einige andere Faktoren außer den Wechselkursänderungen die Verschiebungen im Reiseverkehr mit verursacht haben, ist der Zusammenhang unbestreitbar.

Größtenteils haben Regierungen die Wichtigkeit von Währungskursen in bezug auf die Attraktivität für internationale Reisende und ihr Geld erkannt. Im Sommer 1986 wertete China seine Währung um ca. 13% gegenüber anderen bedeutenden Währungen ab. Die Hauptabsicht bestand darin, Rückgänge bei ausländischen Investitionen, Devisenvorräten und der Zahl der Touristen aufzufangen, die aufgrund ungünstiger Wechselkurse eingetreten waren. Regierungen können auch die Intensität der Währungsfluktuationen und dadurch den Druck zwischan den Staaten verringern, den diese Veränderungen ausüben. Dies gilt für die Staaten des Europäischen Währungssystems, das im März 1979 von neun europäischen Staaten gegründet wurde, mit dem Ziel der Zusammenarbeit der Mitgliedsstaaten auf dem Währungsgebiet.

Einzelne Firmen erkennen auch die Bedeutung der Währungskurse für die Reiseströme. American Express Travel Related Services kündigten im Februar 1988 an, daß sie alla Preise ihrer Reisen für ganz 1988 garantieren und dadurch die Reisenden vor unerwarteten Preisaufschlägen und kurzfristig auftretenden Kursschwankungen bewahren würden. Diese im voraus bezahlten Reisen sind für diejenigen von Vorteil, die aus Ländern stammen, in denen Währungen an Wert verlieren.

Sicherlich werden sich noch viele Veränderungen im Internationalen Hotel- und Tourismusbereich ergeben. Dieses Vorwort kann nur einen kleinen Teil der Resultate aufzeigen, welche HHI der IHA im Rahmen des diesjährigen Jahrestreffens zu präsentieren hofft. Die Ergebnisse werden nicht nur dargelegt, sondern auch ausführlich während des Kongresses im

Rahmen von Seminaren diskutiert werden. Wir sind sicher, daß die von HHI vorzulegenden Informationen ein sehr wichtiges, wenn nicht sogar notwendiges Management-Hilfsmittel für die Zukunft darstellen.

Ohne die Hilfe der zahlreichen Hotelfachleute aus der ganzen Welt sowie anderer betroffener und interessierter Parteien, wäre HHI nicht in der Lage gewesen, diese umfangreiche Aufgabe so erfolgreich zu meistern. Wir möchten daher unseren herzlichen Dank denjenigen aussprechen, die uns in unseren Bemühungen beigestanden haben.

PROLOGO

A menos de 12 años del comienzo del siglo 21, es natural mirar al futuro para anticipar la situacion mundial. Esto es particularmente interesenate para aquellos que estamos vinculados a la industria hotelera y del turismo, dado que los avances tecnológicos seguirán contribuyendo al reto de trabajar en esta industria.

Disponer de una visión del futuro seria, con seguridad, de gran valor en la planificación futura de esta industria. Predecir las necesidades de los huéspedes, mejorar la eficiencia operacional, entender las tendencias y hábitos en el uso del tiempo libre y anticipar los patrones de migración y viajes, son áreas que representarian importantes ventajas competitivas de poder prever su comportamiento futuro.

Para muchas industrias especular acerca del futuro no pasan de ser conversaciones informales entre sus profesionales. A nivel mundial, la industria hotelera, sin embargo, tendrá en breve una oportunidad única de evaluar su futuro. La Asociación Internacional de Hoteles (International Hotel Association — IHA) ha designado a las firmas miembros de Horwath & Horwath International (HHI) a nivel mundial, a investigar el ambiente de la industria hotelera internacional en el siglo 21.

Este proyecto de investigacion es el primero en este tipo y sus resultados estarán orientados a preparar a los hoteleros para enfrentar los cambios que probablemente ocurrirán en el desarrollo, operación y mercadeo de la actividad hotelera. Estos resultados serán presentados en la reunión anual de IHA, a realizarse en Dehli en octubre de 1988. Posteriormente serán publicados y estarán disponibles para la industria hotelera.

Si bien la investigación que se lleva a cabo analizará todos los aspectos del futuro de la industria hotelera, los resultados se concentrarán mayormente en lo siguente:

- Influencias externas que afectan a la industria
- Influencias internas en el producto hotelero
- Recursos Humanos

Aún cuando todavia la información básica para la investigación se está recopilando, ya se perfilan algunas tendencias y observaciones de interés. Muchos de los cambios previstos conciernen al cuarto hotelero del futuro, sus caracteristicas fisicas y ambientales. Por ejemplo, las reservaciones podrian realizarse a través de uno de los sistemas de multireservación (megareservation systems), que también podria aceptar reservación para alquiler de vehiculos, lineas aéreas, entretenimiento y restaurantes. Al llegar al hotel, los huéspedes irán directamente a sus habitaciones, que serian confirmadas y asignadas al momento de hacer la reservación. Los huéspedes serian atendidos por robots, que llevarian su equipaje hasta la habitación. A continuación, en lugar de utilizar llaves o tarjetas, se utilizará la identificación vocal o digital. Una vez en el cuarto, el huésped probablemente encontrará un ambiente diferente al que existe actualmente, más parecido a los que será su estándar de vida.

En las habitaciones, controles de ambiente portátiles, accionados por la voz o huellas digitales, actualmente en desarrollo, permitirán utilizar instrumentos tales como: teléfono con imagen, bar, caja fuerte, asi como protección de la habitación, música y controles de pantalla holográfica, control de temperatura, humedad e iluminación, y un teclado para transferencias de efectivo y otras funciones numéricas. La electrónica asociada a estas innovaciones será de bajo costo, utilizará cables de bajo voltaje y peligrosidad y operará desde un transformador central del hotel.

La pantalla holográfica podrá llegar a ocupar en algunas habitaciones una pared entera y proyectará peliculas en tres dimensiones, mapas del hotel y de la ciudad, asi como las diferentes actividades recreativas programadas.

Si bien los cambios previstos en el diseño de las habitaciones son ciertamente llamativos, estos constituyen solamente una parte del proceso evolucionario que la industria hotelera y del turismo experimentará. La aparición de nuevos y atractivos destinos rivalizarán por el dólar vacacional, al tiempo que aumentará la variedad en los diferentes tipos de vacaciones.

Innovaciones en el diseño de los aviones y otros tipos de transporte permitirá a los viajeros llegar a su destino con mayor rapidez y menos paradas. Avances tecnológicos, incluyendo telecomunicaciones, banca, sistemas centrales de reservación, equipos de almacenamiento y computadores, tendrán un efecto significativo en los hoteles del futuro. Estas innovaciones no solamente mejorarán la operación del hotel, sino que además harán más agradable la estadia de los huéspedes.

Recursos Humanos será otra área que recibirá considerable atención en nuestro informe. En una industria orientada al servicio, el tipo de producto estará determinado, en gran medida, por el desempeño de sus empleados. Este es un axioma que se ha comprobado en el tiempo, la calidad del servicio continuará dependiendo del trabajo de los humanos, sin importar el número de funciones que pasen a ser realizadas por máquinas o innovaciones technológicas. Asi que, aún con la escasez de mano de obra prevista y los incrementos proyectados en su costo, el entrenamiento adecuado de los empleados adquirirá mayor importancia en el futuro.

Nuestro estudio también tratará las tasas de cambio de la moneda. Recientemente, el interés despertado por este tema ha revelado interesenates tendencias. Hoy en dia, las rápidas fluctuaciones en la tasa de cambio de la moneda tiene una influencia significativa en el costo de los viajes a nivel internacional. Cambios en el valor de la moneda pueden convertir un destino en inaccesible para la mayoria de los turistas o en una oferta irresistible. Un patrón de cambio favorable puede eliminar totalmente, o contribuir a reducir, la inflación, y producir deflacción para el viajero internacional, aumentando, por lo tanto, el atractivo de la localidad.

El crecimiento y posterior caida del

dólar americano en la década de los 80, ejemplifica el efecto de una fuerte fluctuación del valor de la moneda en el flujo de viajeros internacionales. A final de 1985, el valor del dólar se redujo, con relación al año anterior, en un 17.7 por ciento con respecto a las monedas europeas. Como resultado, el número de norteamericanos que viajaron a Europa en 1986 *disminuyó* en 1.331 millones, equivalente a una reducción de más del 20 por ciento. Por el contrario, ese mismo año el número de europeos que viajó a Estados Unidos aumentó en más de 815.000, con respecto al año anterior, un incremento de casi el 30 por ciento. Si bien otros factores adicionales al valor de la moneda pueden haber influido en el cambio en los patrones de viaje, no puede negarse la relación existente.

La mayoria de los gobiernos han reconocido la importancia de la tasa de cambio de la moneda para atraer a los viajeros internacionales y su dinero. Durante el verano de 1986, China devaluó la moneda en aproximadamente 13 por ciento con respecto a otros sistemas cambiarios. Esta decisión estaba fundamentada principalmente en la necesidad de revertir el proceso de reducción de la inversión extranjera, de las reservas internacionales y del número de turistas, que se habia producido como consecuencia de tasas de cambio poco favorables.

Asimismo, los gobiernos pueden reducir el impacto de las fluctuaciones del valor de la moneda de diferentes paises, matizando de esta manera el impacto que las tasas de cambio pueden ocasionar. Este es el caso de los paises que componen el sistema monetario europeo, establecido en marzo de 1979 por nueve paises europeso, con el objeto de crear la cooperación monetaria entre los paises miembros.

Algunas empresas privadas también han reconocido la importancia de las tasas de cambio de la moneda en los flujos internacionales de viajeros. American Express Travel Related Services anunció en febrero de 1988 que garantizaba los precios de sus paquetes de viajes de ese año, protegiendo de esta manera a sus clientes de cargos adicionales no previstos y fluctuaciones volátiles en las tasas de cambio. Estos paquetes pagados por adelantado resultan ventajosos para aquellos viajeros de paises donde la moneda pierde valor.

Obviamente, muchos de los cambios ocurrirán en la industria hotelera y de turismo internacional. Esta introducción provee solo una pequeña porción de los resultados que HHI espera presentar en el congreso anual de IHA. En este congreso no solamenta se presentarán estos resultados, sino que también serán discutidos ampliamente en seminarios. Creemos que la información recabada por HHI será de gran importancia como herramienta de manejo de la industria hotelera y de turismo del futuro.

Sin la ayuda de numerosos expertos de la industria hotelera del mundo y otras partes interesadas, HHI no habria podido completar exitosamente este importante estudio. Deseamos expresar nuestro más sincero aprecio a todos aquellos que contribuyeron en esta tarea.

THE WORLDWIDE HOTEL INDUSTRY

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Introduction

This is the 18th edition of *Worldwide Hotel Industry* produced by Horwath & Horwath International (HHI). The study provides detailed information about the current operating and financial trends of this complex industry. The data presented in the exhibits throughout this publication are broken down into five regions, each covering a different area of the free world. In addition to the five major regions information is presented on 14 subregions. Every effort is made to provide information about as many separate geographic areas as possible. Table 1 illustrates the various sections of this report and respective geographic areas they cover.

The data was generated from survey questionnaires mailed to over 3,500 hotels around the world. More than 1,150 of these questionnaires were completed and returned to the Research Division of Laventhol & Horwath (L&H), the HHI member firm in the United States. Each returned questionnaire was carefully reviewed for accuracy and reasonableness before information processing began. In the end, 1,051 questionnaires representing 272,500 hotel rooms were processed and used in this current study. This final sample is larger than any previous edition of *Worldwide Hotel Industry*.

Throughout this publication, medians are used to report most amounts and ratios, although means are used in certain selected schedules. The terminology and account titles are based on the eighth revised edition of the *Uniform System of Accounts for Hotels*. An explanation of the terms and bases used is given in Appendix I on page 85.

All amounts throughout this publication are presented in U.S. dollars, converted using a 12-month simple average rather than a year-end exchange rate. This method reduces the effects of rapidly changing currency values and therefore presents a more accurate picture of the entire year. A list of countries with hotels contributing to this study, along with the currency conversion factors used is presented in an appendix at the end of each of the five regional sections of this report. These appendices also identify the subregional country affiliations within each region. Currency conversion factors are provided for both 1987 and 1986 to facilitate comparisons between the two years.

The reader is cautioned that currency fluctuations often have significant effects on the U.S. dollar values presented in this study. To help the reader better comprehend the impact of currency changes, Appendix II on page 87 analyzes currency fluctuation values.

Dollar amounts are shown per available room throughout the report to eliminate differences in the size of hotels surveyed. Wherever appropriate, ratios to total sales and room sales are used. Since medians are often used to report dollar amounts, individual line items do not necessarily add to the totals shown. Each line item is analyzed separately, and the medians are based on the information submitted for that line item only, since not all hotels reported information for each line.

The amounts and ratios should not be considered as standard for any type of property, region, subregion or country, but only as guidelines for comparison with the operating results of a specific property. They are not an attempt by HHI or the Research Division of L&H to set or conform prices or operating standards for the hotel industry.

Table 1

Section	Region and Subregions
I	Africa and the Middle East (Region I)
	Northern Africa
	Southern Africa
	Middle East
II	Asia and Australasia (Region II)
	Asia
	Far East/Pacific Basin
	Australia
III	North America (Region III)
	Canada
	United States
IV	Europe (Region IV)
	Continental Europe
	Scandinavia
	United Kingdom
V	Latin America/Caribbean (Region V)
	Mexico
	South America
	Caribbean

Highlights

Worldwide occupancy rates rose to 66.4 percent in 1987, 2.9 percent higher than 1986. This was welcome news following the turbulence experienced by the industry in 1986. Largely absent from the press around the world during 1987 were reports of terrorist acts throughout parts of Europe, a factor which helped depress travel during 1986. During 1987, travelers were again able to base their travel decisions on more usual factors, such as desirability of location, economic climate and exchange rates.

As illustrated in Exhibit 1 the highlights during 1987 indicate a better year using almost any measurement standard. Both income before fixed charges and income before income taxes rose from 1986 levels. The number of foreign guests also increased, a sign of less restricted international travel. As 1988 progresses chances seem good for continued operational increases in the hotel industry, since travel seems relatively unrestricted in most popular international destinations and economies remain strong. One exception, however, is the Middle East, where the Persian Gulf war continues to capture the attention of the international press, with seemingly no end in sight.

Profile of contributors

The general characteristics of the contributors surveyed, as determined by various measures of central tendency such as mean, median and mode, are displayed in Exhibit 2. The entire group of contributors represents a broad cross section of the hotel industry in terms of different market segments and locations. However, the typical contributor for this study is provided in the exhibit.

The source and distribution of the 1987 worldwide hotel industry dollar is shown in Chart 1 (page 12), with 1986 data provided for comparison purposes. To accurately reflect the impact from various size properties, the dollar is based on weighted means. As illustrated, the portion of revenues generated by each individual source remains relatively unchanged from 1986, with room sales comprising the largest share of revenue.

On the expenditure side, employee payroll and related expenses required the largest share of hotel revenue, followed by department expenses.

Exhibit 1
Highlights

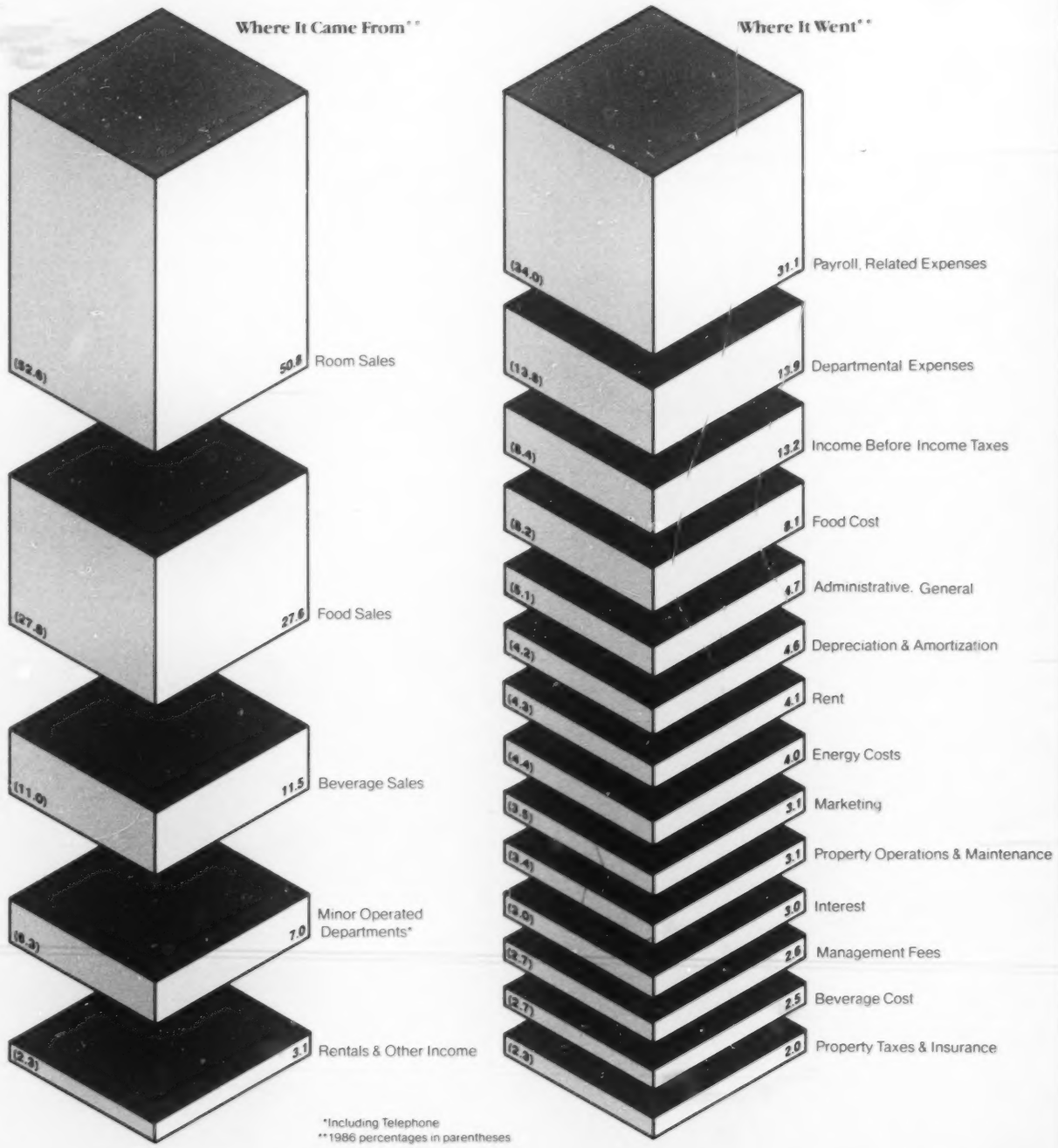
- Worldwide occupancy rates rose 2.9 percent to 66.4 percent in 1987.
- Total revenues increased to $28,290 per available room, a 16.3 percent increase over 1986.
- Average daily rate was $62.13 compared with $56.72 last year.
- The percent of foreign hotel guests rose to 49.3 percent of all hotel guests, up from 47.9 percent in 1986.

Exhibit 2
Highlights
General Profile of Typical Contributor Based on Various Measures of Central Tendency

Criteria	Category of Typical Contributor
Age	Built between 1970 and 1985
Size	125-350 rooms
Occupancy	60%-75%
Average Rate	$60-$65 (U.S.)
Restaurant Operation	Operated a restaurant in which the volume of food and beverage sales is between 55% and 80% of room sales.
Location	Majority urban, followed by suburban and resort.
Market	Primarily business travelers and individual tourists
Management	Chain affiliated; reported net income before income tax in 1987.
Type of Property	Hotel

Chart 1

International Hotels
Percentage Distribution of Revenue and Expenses


Where It Came From**
(52.6) 50.8 Room Sales
(27.8) 27.6 Food Sales
(11.0) 11.5 Beverage Sales
(8.3) 7.0 Minor Operated Departments*
(2.3) 3.1 Rentals & Other Income
Where It Went**
(34.0) 31.1 Payroll, Related Expenses
(13.8) 13.9 Departmental Expenses
(8.4) 13.2 Income Before Income Taxes
(8.2) 8.1 Food Cost
(5.1) 4.7 Administrative, General
(4.2) 4.6 Depreciation & Amortization
(4.3) 4.1 Rent
(4.4) 4.0 Energy Costs
(3.5) 3.1 Marketing
(3.4) 3.1 Property Operations & Maintenance
(3.0) 3.0 Interest
(2.7) 2.6 Management Fees
(2.7) 2.5 Beverage Cost
(2.3) 2.0 Property Taxes & Insurance

*Including Telephone
**1986 percentages in parentheses

Market data

International hotel guests played a more substantial role in the industry during 1987, representing 49.3 percent of all hotel guests. This is the second highest percentage of foreign guests recorded in the last five years (see Exhibit 3). This strongly suggests that the flow of international travelers has stabilized. Another indication of stabilization is the rise in the percentage of guests traveling as tourists—an increase to a five-year high of 38 percent. People traveling for business or conferences comprised nearly half of all hotel guests. These figures, in addition to information on advance reservations, are presented in Exhibit 4.

Exhibits 5 and 6 (page 14) present estimates about the occupancy and average room by location and age of hotel. In analyzing these exhibits it is interesting to note that airport locations have substantially higher occupancy rates than any other location, while suburban locations reported the lowest occupancies. There is little deviation in occupancy rates when analyzed by age of the hotel property. However, older hotels (pre-1965) indicated higher room rates than the other age breakdowns.

Exhibit 3
Market Data*
Five-Year Trend—All Hotels

	1987	1986	1985	1984	1983
Source of Business					
Domestic	50.7%	52.1%	50.2%	51.2%	51.3%
Foreign	49.3	47.9	49.8	48.8	48.7
Percentage of Repeat Business	36.2	37.2	40.0	38.4	40.3
Composition of Market					
Government Officials	4.1	4.4	7.1	5.3	6.2
Business Travelers	36.0	38.7	38.3	42.7	42.1
**Tourists	38.0	34.4	34.4	26.4	27.3
Conference Participants	12.7	12.1	10.5	13.4	13.2
Other	9.2	10.4	9.7	12.2	11.2
Percentage of Advance Reservations	83.1	84.2	82.7	83.4	84.1
Composition of Advance Reservations					
Direct	35.4	36.6	36.0	38.4	39.6
Reservation Systems	23.7	24.6	24.8	30.0	28.9
Travel Agents & Tour Operators	29.9	27.9	27.7	27.0	27.2
Other	11.0	10.9	11.5	4.6	4.3
Ratio of Travel Agent Commissions to Room Sales	1.4	1.5	1.3	1.2	1.3

*Arithmetic mean.
**Individual tourists and tour groups.

Exhibit 4
Market Data*
By Region

	All Hotels	Africa and the Middle East	Asia and Australasia	North America	Europe	Latin America/ Caribbean
Source of Business						
Domestic	50.7%	24.6%	35.0%	84.6%	47.3%	38.8%
Foreign	49.3	75.4	65.0	15.4	52.7	61.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Repeat Business	36.2	35.5	30.7	43.0	36.0	26.6
Composition of Market						
Government Officials	4.1	9.4	3.9	4.2	2.5	2.9
Business Travelers	36.0	35.5	30.6	39.4	39.8	28.1
Tourists (Individual)	24.5	16.8	27.8	21.8	24.2	34.2
Tour Groups	13.5	16.3	23.3	3.9	12.2	21.3
Conference Participants	12.7	6.5	5.8	22.8	12.3	7.6
Other	9.2	16.5	8.6	7.9	9.0	5.9
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Advance Reservations	83.1	79.6	84.2	81.4	88.9	76.3
Compositions of Advance Reservations						
Direct	35.4	42.8	28.7	38.2	39.7	23.8
Reservation Systems	23.7	24.2	22.3	27.1	19.8	26.3
Travel Agents & Tour Operators	29.9	21.3	38.8	23.8	28.4	40.7
Other	11.0	11.7	10.2	10.9	12.1	9.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Arithmetic mean.

Exhibit 5
Worldwide Occupancy and Room Rates
By Location—1987

	Worldwide	Urban	Suburban	Airport	Resort	Highway
Occupancy Rate	66.4%	66.4%	63.6%	78.2%	70.0%	64.6%
Room Rate	$62.13	$67.90	$53.76	$70.28	$55.51	$52.24

Exhibit 6
Worldwide Occupancy and Room Rates
By Age of Hotel

	Worldwide	Pre-1965	1966-1979	1980 and After
Occupancy Rate	66.4%	66.8%	68.6%	65.5%
Room Rate	$62.13	$69.73	$61.76	$62.64

REGION I: AFRICA AND THE MIDDLE EAST

Overview

The occupancy rate for this region, which includes the subregions of Northern Africa, Southern Africa and the Middle East, declined 7 percent to 53 percent for 1987. The strife in this region, especially the Persian Gulf war, have depressed travel throughout much of the region. The negative press generated from locations in the region has overshadowed the travel industry and has taken a heavy toll on the performance of hotels.

Exhibit I-2 highlights these and other major operating results during the year.

Chart 2 (page 16) presents the source and distribution of the hotel industry dollar. As expected, room sales provided the majority of revenue for hotels followed by food sales. Decreasing departmental expenses and payroll expenses led to an increase in income before income taxes.

Foreign travelers were the dominant source of business in all three subregions, while business travelers, conference participants and government officials supplied over half of all hotel guests. On the other hand, the percentage of guests who were tourists supplied less than one-third of all guests.

The hotels surveyed reported that advance reservations represented about 79 percent of all rooms sold (Exhibit I-3).

Exhibit I-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency
Africa and the Middle East

Criteria	Category of Typical Contributor
Age	Built after 1975
Size	200–300 rooms
Occupancy	45%–65%
Average Rate	$55–$75
Sales Volume	Between $3–10 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 65% and 85% of room sales
Location	Urban
Market	Other than tourist
Rating	First class
Management	Chain affiliated; reported net income before tax in 1987.

Exhibit I-2
Highlights*
Africa and the Middle East

- Total revenue increased 3.7 percent on a per room basis.
- Room occupancies declined 7.0 percent to 53.0 percent compared with 55.9 percent in 1986.
- The average daily rate per occupied room was $65.89 compared with $58.72 in 1986, a 12.2 percent increase.

*Based on medians.

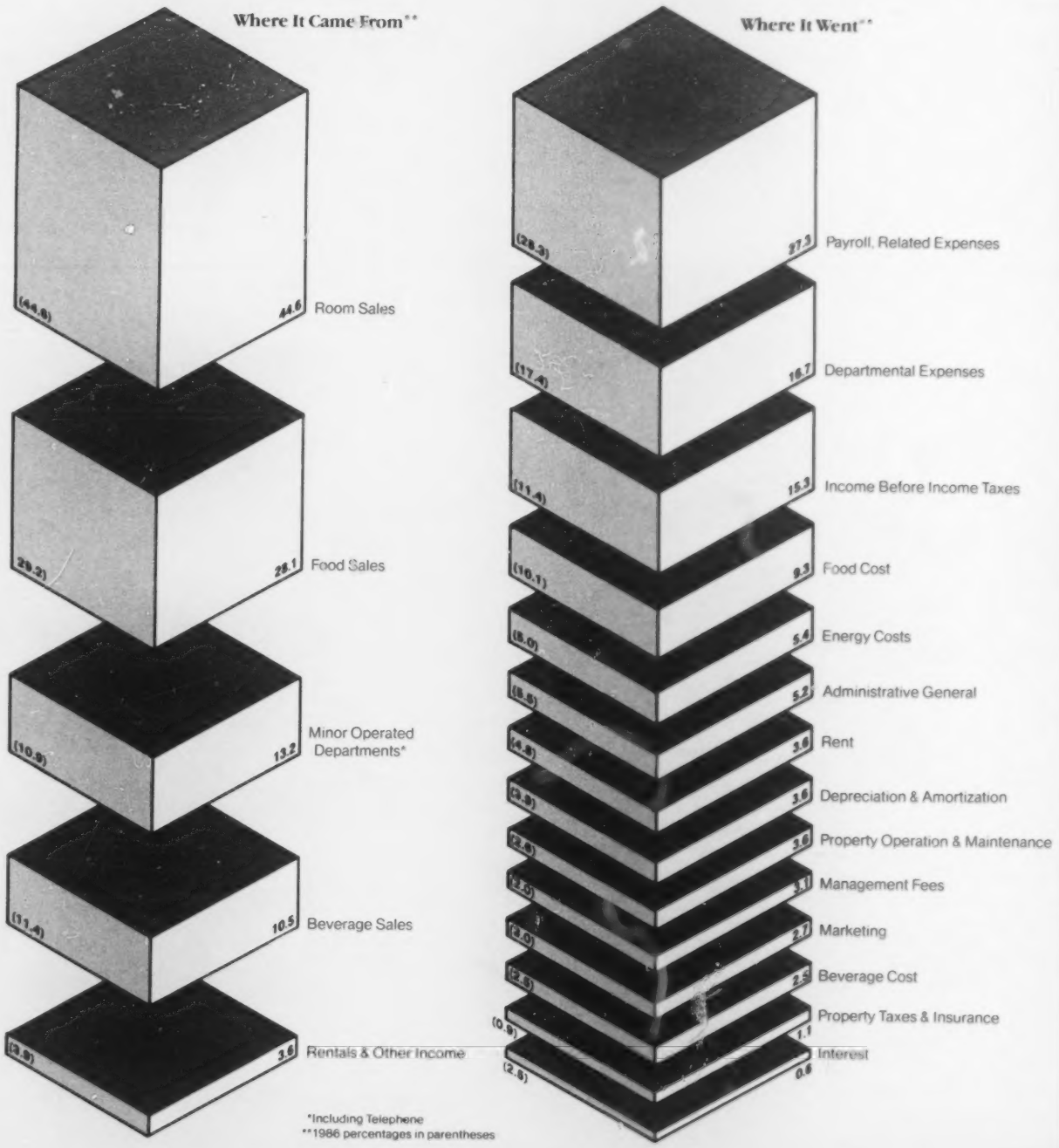
Exhibit I-3
Market Data*
Africa and the Middle East

	Total	Northern Region	Southern Africa	Middle East
Source of Business				
Domestic	24.6%	30.0%	26.8%	10.2%
Foreign	75.4	70.0	73.2	89.8
Percentage of Repeat Business	35.5	23.0	37.8	30.2
Composition of Market				
Government Officials	9.4	3.5	10.9	6.3
Business Travelers	35.5	21.3	36.7	34.6
Tourists (Individual)	16.8	26.0	14.5	23.3
Group Tours	15.3	28.3	13.6	16.2
Conference Participants	6.5	10.3	5.9	6.4
Other	16.5	10.6	18.4	13.2
Percentage of Advance Reservations	79.6	86.5	77.0	92.3
Composition of Advance Reservations				
Direct	42.8	22.1	50.8	22.6
Own Reservation	18.7	11.6	17.8	26.6
Independent Reservation	5.5	10.6	4.5	4.5
Travel Agents & Tour Operators	21.3	47.6	14.5	34.7
Other	11.7	8.1	12.4	11.6
Method of Payment for Hotel Services				
Cash Sales	33.6	40.5	33.8	27.6
Credit Card Sales	22.8	21.3	21.3	29.4
All Other Credit Sales	43.6	38.2	44.9	43.0

*Arithmetic mean.

Chart 2

Africa and Middle East
Percentage Distribution of Revenue and Expenses



*Including Telephone
**1986 percentages in parentheses

The nationality of guests for the region is displayed in Exhibit I-4. As seen in this exhibit, European countries play a prominent role by providing 46.9 percent of all hotel guests in this region.

Performance measurements

Total sales and income comparisons are presented for the region and subregions in Exhibit I-5. Median total sales per room rose a modest 3.7 percent during 1987. Income before income taxes increased to $2,704 per available room, up from $1,874 in 1986. Because amounts are reported in U.S. dollars, currency fluctuations should be examined when making comparisons between different years.

Exhibit I-4
Nationality of Guests—1987*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
American	8.8%	8.5%	5.7%	22.7%
Australasian	0.8	0.4	0.9	0.4
British	9.6	11.0	10.0	7.6
Canadian	1.2	0.6	1.2	1.4
Caribbean	0.2	0.1	0.2	0.3
Central American	0.3	0.8	0.2	0.8
French	14.0	17.3	13.1	15.5
German	6.7	16.0	6.3	3.1
Italian	4.6	7.9	4.5	3.1
Japanese	2.7	2.4	2.9	2.0
Middle Eastern	23.9	19.1	27.4	12.7
Mexican	0.1	0.4	**	0.4
North African	2.4	2.0	2.4	2.7
Other African	8.3	0.3	8.8	8.9
Scandinavian	1.3	1.6	1.5	0.8
Other European	10.7	8.6	9.9	14.9
Other Asian	3.7	2.5	4.5	1.1
South American	0.7	0.5	0.5	1.6

*Arithmetic mean.
**Less than 0.05 percent.

Exhibit I-5
Comparison of Sales and Profitability*
Africa and the Middle East

	Total Region		Northern Africa		Southern Africa		Middle East	
	1987	1986	1987	1986	1987	1986	1987	1986
Amounts Per Available Room								
Total Sales	$24,983	$24,102	$24,881	$23,421	$24,219	$24,227	$24,983	$24,192
Income Before Fixed Charges	5,957	4,379	7,455	7,603	4,739	3,359	6,119	4,066
Net Income**	$ 2,704	$ 1,874	$ 4,381	$ 4,419	$ 2,693	$ 852	$ 1,775	$ 1,830
Ratio of Income Before Fixed Charges								
Room Sales	47.6%	43.6%	47.1%	44.9%	45.6%	37.4%	46.6%	42.5%
Total Sales	20.6	18.9	29.2	28.6	19.6	17.6	19.4	18.1
Number of Times Average Rate Was Earned	104	89	236	151	87	69	92	95
Increase (Decrease)	16.9%		56.3%		76.1%		(3.2)%	

*All figures are medians.
**Before income tax.

Occupancy and average rate

As shown in Exhibit I-6, occupancy rates for the region declined from 55.9 percent for 1986 to 53.0 percent for 1987. This is the lowest occupancy rate for any region included in this study, and represents a 7 percent decline from 1986. This follows a 9.5 percent drop in occupancies in 1986, meaning occupancy rates have fallen an incredible 14.2 percent over the last two years.

The median average daily rate for the region of $65.89 is substantially higher than last year's level of $58.72 a day. As noted earlier, these and other amounts are expressed in U.S dollars, and fluctuations in exchange rates should be taken into account when comparing data from year to year (see Appendix II).

Chart 3 compares 1985 and 1986 occupancy rates for the subregions in this section of the report.

Use of technology and guest services

One in every three hotels use a computerized reservation system, while 67.8 percent use a computerized general ledger system. Both these measures are above last year's percentages, indicating that despite rapidly falling occupancy rates hotel managements are investing in improving efficiency by using new technologies. These investments might serve to soften the effects of low occupancy rates, and help hotels rebound strongly when travel flow is allowed to return to normal patterns. Exhibit I-7 presents the percentage of participating hotels using different technological systems.

Exhibit I-6
Occupancy, Double Occupancy, Room Rates*
Africa and the Middle East

	Total Region		Northern Africa		Southern Africa		Middle East	
	1987	1986	1987	1986	1987	1986	1987	1986
Annual Room Occupancy	53.0%	55.9%	55.4%	62.6%	51.3%	58.0%	52.9%	49.6%
Number of Guests Per Room	1.22	1.22	1.58	1.41	1.20	1.22	1.20	1.18
Average Daily Rate								
Per Room (U.S. Dollars)	$65.89	$58.72	$63.34	$39.32	$67.24	$59.71	$62.22	$63.84
Per Guest (U.S. Dollars)	55.46	50.23	36.95	**	59.70	47.03	46.14	51.44

*All figures are medians.
**Insufficient response.

Chart 3
Region I: Africa and the Middle East
Occupancy Rates
1987 vs. 1986

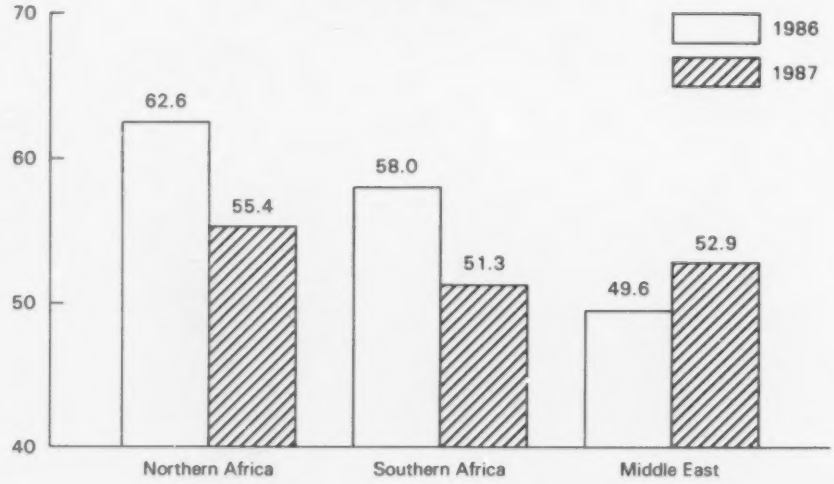


Exhibit I-7
Percentage of Hotels Utilizing Various Technologies*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Computerized Reservation System	33.3%	25.0%	37.3%	21.4%
Computerized Guest Accounting	45.7	37.5	44.1	57.1
Computerized Accounting System (General Ledger)	67.9	50.0	66.1	85.7
Computerized Energy Management System	8.6	**	8.5	14.3
Automatic Checkout Machines	14.8	**	20.3	**
Electronic Card Key System	6.2	12.5	6.8	**
Direct Dialing for International Telephone Calls	79.0	87.5	78.0	78.6
Least Cost Routing for Guest Telephone Calls	34.57	25.0	33.9	42.9
Point of Sales Terminals for Food and Beverage Outlets	48.1	50.0	47.5	50.0
Fire Detectors (Heat or Smoke)	79.0	75.0	79.7	78.6
Microcomputers Available for Guest Use	14.8	0	18.6	7.1

*Based on hotels supplying data.
**Insufficient response.

Exhibit I-8
Percentage of Hotels Offering Various Guest Services*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Airport Transportation	62.7%	11.1%	73.3%	50.0%
Audio-Visual Equipment	80.7	55.6	88.3	64.3
Auto Rental Services	83.1	77.8	85.0	78.6
Concierge Services	91.6	88.9	90.0	97.5
Health Club Facilities	55.4	55.6	58.3	42.9
Multilingual Staff	84.3	55.6	88.3	85.7

*Based on hotels supplying data.

Exhibit I-9
Composition of Sales*
Africa and the Middle East

	Total Region	Northern Africa	Southern Arica	Middle East
Rooms	45.3%	41.8%	45.1%	47.3%
Food	28.1	20.9	29.2	28.4
Beverage	11.0	7.2	12.0	9.2
Telephone	7.8	13.7	7.1	7.1
Minor Departments	4.7	11.2	4.2	2.6
Rentals & Other Income	3.1	5.2	2.4	5.4
Total	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Analysis of sales

Room sales provided the largest source of revenue for all three subregions, with Southern African properties indicating the highest proportion with 45 percent. All subregions indicate a smaller percentage of hotel sales from rooms department than during 1986, and a higher percentage derived from food sales.

Summary

Following are exhibits which provide information ratios to total sales, ratio to room sales, amounts per available room and food and beverage statistics. The results are broken down by department type and reported in medians. It is important to note that columns of median numbers cannot be totaled when using the indices. Each line item should be analyzed separately.

Exhibit I-10
Telephone and Minor Operated Departments*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Telephone				
Amount Per Room				
Sales	$1,570	$1,270	$1,591	$1,577
Cost of Calls	1,153	834	1,179	1,044
Equipment Rental	53	28	78	49
Total	1,125	838	1,145	1,082
Payroll & Related Expenses	126	124	125	138
All Other Expenses	13	6	13	14
Total Cost & Expenses	1,225	977	1,275	1,270
Net Departmental Income	$ 325	$ 315	$ 322	$ 385
Ratio to Total Sales				
Sales	6.2%	6.9%	6.3%	5.7%
Cost of Sales	4.5	3.5	4.5	3.8
Payroll & Related Expenses	0.5	0.3	0.5	0.6
Minor Operated Departments				
Amount Per Room				
Sales	$ 762	$ 758	$ 783	$ 518
Cost of Sales	128	79	131	109
Payroll & Related Expenses	189	177	191	190
Other Expenses	70	308	70	46
Total Costs & Expenses	366	421	400	307
Net Departmental Income	$ 315	$ 433	$ 311	$ 304
Ratio to Total Sales				
Sales	2.6%	2.0%	2.8%	2.4%
Cost of Sales	0.6	**	0.6	0.6
Payroll & Related Expenses	0.7	0.3	0.8	0.5
Rentals & Other Income				
Amount Per Room				
Space Rentals	$ 213	$ 355	$ 197	$ 439
Concessions	154	99	168	159
Commissions	60	190	51	0
Other	261	293	250	513
Total Rentals & Other Income	$ 417	$ 968	$ 361	$1,103
Ratio to Total Sales	1.6%	2.5%	1.5%	4.5%

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit I-11
Food and Beverage Statistics*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$3,360	$3,989	$3,285	$3,979
Room Service	770	776	855	480
Banquet	1,551	1,749	1,660	1,182
Bar/Lounge	368	200	426	218
Total	$6,748	$8,305	$6,697	$6,784
Ratio to Total Sales				
Dining Room	57.4%	64.1%	57.0%	70.3%
Room Service	11.8	12.5	12.2	7.8
Banquet	22.7	18.6	24.4	19.5
Bar/Lounge	4.9%	2.7%	5.8%	4.2%
Amount Per Seat				
Dining Room	$3,899	$3,055	$3,653	$6,272
Banquet	885	949	804	1,542
Bar/Lounge	538	532	488	887
Total	$1,839	$1,528	$1,821	$2,893
Average Check				
Dining Room	$11.07	$20.27	$10.84	$11.07
Room Service	7.89	6.99	8.29	5.93
Banquet	14.88	12.33	14.75	15.79
Total	$11.58	$17.51	$11.60	$11.34
Covers Served Per Seat				
Dining Room	359	151	331	466
Banquet	51	136	47	98

*All figures are medians and do not necessarily add to totals shown.

(continued on next page)

Exhibit I-11 (continued)
Food and Beverage Statistics*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Room Service Sales				
Per Occupied Room				
Food	$ 4.07	$2.77	$ 5.22	$ 2.11
Beverage	.74	.85	.85	.54
Total	$ 5.29	$ 4.52	$ 6.39	$ 2.61
Per Guest				
Food	$ 3.53	$ 1.84	$ 4.69	$ 1.39
Beverage	.56	.50	.68	.43
Total	$ 3.99	$ 2.90	$ 6.17	$ 2.07
Beverage Sales—By Facility				
Amount Per Available Room				
Dining Room	$ 674	$ 757	$ 656	$ 484
Room Service	113	247	126	95
Banquet	301	328	323	291
Bar/Lounge	810	1,099	1,163	644
Total	$2,476	$2,925	$2,559	$2,146
Ratio to Total Beverage Sales				
Dining Room	36.4%	28.8%	37.2%	36.2%
Room Service	6.3	8.2	5.9	6.2
Banquet	14.7	7.5	15.3	16.2
Bar/Lounge	41.1	3.9	45.4	35.4
Ratio to Food Sales				
Dining Room	20.0	22.5	20.5	16.1
Room Service	21.1	27.3	20.1	20.3
Banquet	20.3	23.8	19.3	26.8
Total (Including Bar/Lounge)	39.5%	37.0%	44.4%	39.3%
Amount Per Seat				
Dining Room	$ 616	$ 748	$ 578	$ 843
Banquet	174	226	156	289
Bar/Lounge	1,830	1,394	1,800	2,213
Total	$ 610	$ 610	$ 543	$1,046

*All figures are medians and do not necessarily add to totals shown.

Exhibit I-12
Employment Statistics*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Employment Statistics				
Sales Per Employee				
Rooms	$58,171	$58,971	$58,354	$52,209
Food & Beverage	27,036	16,293	27,780	27,450
Telephone	88,836	74,109	90,290	66,081
Minor Departments	18,934	14,608	18,583	27,842
Total Sales Per Employee	$28,471	$35,735	$27,375	$30,960
Number of Full-Time Equivalent Employees Per 100 Available Rooms				
Rooms				
Front desk	7.8	12.4	7.7	7.8
Housekeeping	13.8	17.1	13.4	13.6
Food & Beverage	41.8	57.0	39.1	41.6
Telephone	2.0	2.0	2.1	2.2
Minor Operated Departments	4.2	5.6	4.2	2.9
Administrative & General	10.9	12.6	11.1	9.9
Marketing				
Sales	1.5	1.4	1.7	1.1
Other Marketing	0.6	**	0.6	0.6
Property Operation & Maintenance	8.9	11.7	8.9	8.4
Other	5.7	9.8	5.7	4.2
Total	97.1	133.4	95.3	97.7

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit I-13
Analysis of Undistributed Operating Expenses*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Administrative & General				
Cost Per Available Room				
Payroll & Related Expenses	$1,596	$1,292	$1,589	$1,788
Other	1,239	1,623	1,128	1,612
Total	$2,993	$3,448	$2,881	$3,611
Ratio to:				
Room Sales	25.6%	14.0%	25.1%	26.7%
Total Sales—1987	10.4	7.6	10.4	12.9
Total Sales—1986	11.6	9.7	12.8	11.6
Increase (Decrease)	(10.3)	(21.6)	(18.8)	11.2
Marketing				
Cost Per Available Room				
Payroll & Related Expenses	$ 248	$ **	$ 270	$ 316
Other	721	870	721	596
Total	$ 972	$ 891	$ 954	$ 975
Ratio to:				
Room Sales	7.6%	3.1%	7.6%	9.1%
Total Sales—1987	3.4	1.6	3.7	3.7
Total Sales—1986	3.5	3.8	3.1	3.6
Increase (Decrease)	(2.9)	(57.9)	19.4	2.7
Energy				
Cost Per Available Room	$1,315	$1,406	$1,239	$1,362
Ratio to:				
Room Sales	11.1%	8.3%	12.4%	14.0%
Total Sales—1987	5.0	4.0	5.3	5.0
Total Sales—1986	5.6	5.4	7.5	5.0
Increase (Decrease)	(10.7)	(25.9)	(29.3)	—
Property Operation & Maintenance				
Cost Per Available Room				
Payroll & Related Expenses	$ 938	$ 746	$ 935	$ 938
Other	995	954	982	1,015
Total	$1,953	$1,699	$2,016	$1,954
Ratio to:				
Room Sales	14.5%	8.8%	16.1%	14.7%
Total Sales—1987	6.4	4.6	6.4	6.7
Total Sales—1986	6.9	7.0	6.4	7.4
Increase (Decrease)	(7.2)	(34.3)	0	(9.5)

*All figures are medians and do not necessarily add to totals shown.
— No change.
**Insufficient data.

Exhibit I-14
Credit Card Sales*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
American Express	59%	44%	62%	60%
VISA	17	18	16	17
MasterCard	7	7	7	9
Diner's Club	15	23	14	12
Other	2	8	1	2

*Arithmetic mean.

Exhibit I-15
Fixed Charges*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Rent	$2,562	$ **	$ **	$ **
Property Taxes	509	**	503	776
Property Insurance	148	**	211	122
Interest	53	**	52	510
Depreciation	1,415	2,084	1,313	1,576
Leased Equipment	140	**	406	100
Total Fixed Charges	$2,341	$4,289	$1,596	$2,943
Ratio to Total Sales	6.0%	11.9%	5.2%	8.0%

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit I-16
Amount Per Available Room*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Average Annual Occupancy	53.0%	55.4%	51.3%	52.9%
Average Annual Room Rate	$65.89	$63.34	$67.24	$62.22
Revenues				
Rooms	$11,491	$16,119	$11,067	$12,185
Food	205	205	205	205
Beverage	2,328	2,925	2,517	2,146
Other Food & Beverage	229	232	229	222
Telephone	1,558	1,270	1,570	1,577
Minor Operated	644	550	748	518
Rentals & Other Income	406	616	340	934
Total	24,920	24,881	24,122	24,983
Department Expenses				
Rooms	2,506	2,058	2,508	2,476
Food & Beverage	7,324	5,915	7,796	6,355
Telephone	1,213	977	1,267	1,270
Minor Operated	361	421	363	307
Total	11,719	9,109	11,906	11,061
Department Profit				
Rooms	8,911	14,069	8,569	8,574
Food & Beverage	2,390	2,796	2,608	2,111
Telephone	320	315	320	385
Minor Operated	307	433	307	304
Rentals & Other Income	406	616	340	934
Total	13,551	16,798	12,434	14,539
Undistributed Operating Expenses				
Administrative & General	2,963	3,448	2,872	3,611
Marketing	928	891	928	975
Energy Costs	1,286	1,406	1,192	1,362
Property Operations	1,878	1,691	1,990	1,954
Total Undistributed	7,749	8,294	7,546	7,751
Income Before Management Fees	6,229	8,987	5,041	6,451
Management Fees	765	543	888	561
Income Before Fixed Charges	5,559	7,455	4,684	6,119
Fixed Charges	1,441	4,289	1,145	2,729
Income Before Income Taxes	2,682	4,381	2,682	1,775
Reserve for Capital	755	1,915	759	706

*All amounts are medians and do not necessarily add to totals shown.

Exhibit I-17
Ratio to Total Sales*
Africa and the Middle East

	Total Region	Northern Africa	Southern Africa	Middle East
Average Annual Occupancy	53.0%	55.4%	51.3%	52.9%
Average Annual Room Rate	$65.89	$63.34	$67.24	$62.22
Revenues				
Rooms	44.9%	50.7%	44.5%	46.5%
Food	26.7	21.2	28.8	24.2
Beverage	9.6	7.5	12.7	8.0
Other Food & Beverage	0.8	0.6	0.8	1.0
Telephone	6.4	4.6	6.7	7.5
Minor Operated	2.5	1.8	2.8	2.4
Rentals & Other Income	1.6	2.4	1.5	3.9
Total	100.0	100.0	100.0	100.0
Department Expenses				
Rooms	9.4	5.2	9.3	12.8
Food & Beverage	29.5	22.2	29.9	30.2
Telephone	4.7	3.5	5.1	4.8
Minor Operated	1.3	1.3	1.5	1.1
Total	45.8	34.5	46.7	48.6
Department Profit				
Rooms	34.2	35.4	34.1	35.8
Food & Beverage	10.9	9.6	11.3	7.4
Telephone	1.3	0.9	1.3	1.5
Minor Operated	1.2	0.9	1.3	1.3
Rentals & Other Income	1.6	2.4	1.5	3.9
Total	53.3	65.5	53.3	51.4
Undistributed Operating Expenses				
Administrative & General	10.4	7.6	10.4	12.9
Marketing	3.4	1.6	3.5	3.7
Energy Costs	5.0	4.0	5.3	5.0
Property Operations	6.4	4.3	6.4	6.7
Total	28.5	19.7	29.2	30.0
Income Before Management Fees	22.6	32.1	20.7	21.9
Management Fees	2.8	1.7	3.8	2.2
Income Before Fixed Charges	20.4	29.2	19.6	19.4
Fixed Charges	4.8	11.9	4.5	7.6
Income Before Income Taxes	10.8	15.8	12.4	7.1
Reserve for Capital	3.2	3.9	3.2	2.0

*All amounts are medians and do not necessarily add to totals shown.

Region I
Currency Conversion Tables
1987 vs. 1986 Percentage of Change
Africa and Middle East

	1986 Factor [$US/(x)]	1987 Factor [$US/(x)]	Percentage of Change
Subregion 1—Northern Africa			
Algeria	0.21330	.206490	(3.2)
Egypt	1.42860	1.428600	0.0
Libya	2.91344	3.394408	16.5
Morocco	0.10098	.120350	19.2
Tunisia	1.26795	1.208537	(4.7)
Subregion 2—Southern Africa			
Benin	0.00229	N/A	N/A
C.F.A.*	0.00292	.003365	15.2
Ethiopia	0.48309	.483091	0
Gambia	0.14469	.129125	(10.8)
Ghana	0.01110	.006683	(39.8)
Kenya	0.05656	.060693	7.3
Lesotho	0.44271	.494150	11.6
Mauritius	0.07472	.077863	4.3
Nigeria	0.70233	.227012	(67.7)
Seychelles	0.16306	.179839	10.3
Sierre Leone	0.10341	.029517	(71.5)
South Africa	0.44271	.494150	11.6
Sudan	0.40000	.315517	(20.4)
Tanzania	0.03258	.025749	(21.0)
Zaire	0.01680	.008294	(50.6)
Zambia	0.13113	.111708	(14.8)
Zimbabwe	0.59823	.601908	0.6
Subregion 3—Middle East			
Bahrain	2.65960	2.659600	0
Cyprus	1.94563	1.909458	(1.9)
Iran	0.01277	.012859	0.7
Iraq	3.21690	3.216900	0
Israel	0.67143	.626937	(6.6)
Jordan	2.86913	2.963058	3.3
Kuwait	3.43933	3.605350	4.8
Lebanon	0.02879	.006188	(78.5)
Oman	2.60078	2.600780	0
Qatar	0.27473	.274730	0
Saudi Arabia	0.26885	.267022	(0.7)
Syrian Arab Republic	0.25478	.199547	(21.7)
Turkey	0.00136	.001162	(14.6)
United Arab Emirates	0.27241	.272405	0

Source: *International Financial Statistics.*
*United Republic of Cameroon, Central African Republic, Republic of Chad, People's Republic of the Congo, Republic of Gabon, Republic of the Ivory Coast, Republic of Niger and Republic of Senegal.
N/A—Not available.

REGION II: ASIA AND AUSTRALASIA

Overview

This region, broken down into the three subregions of Asia, Pacific Basin/Far East and Australia, reported a 12.5 percent increase in occupancy rates for 1987. This growth was stimulated by several favorable factors, including regional stability, exchange rates and improvements in overall market awareness. These factors helped produce an increase in travelers to such destinations as Hong Kong, Singapore and the People's Republic of China. The occupancy rate for this region, 76.4 percent, is the highest rate among all the regions examined in this study.

Operating highlights for the region are presented in Exhibit II-2, while a profile of contributors is shown in Exhibit II-1.

Chart 4 (page 30) analyzes the source and distribution of the lodging industry dollar. Room sales provided the majority of revenue for hotels, although both the large food and beverage departments provided a substantial amount of revenue.

On the distribution side, an increase in income before taxes resulted from declines in both payroll and departmental expenses.

Looking at market data, Exhibit II-3, both the Asia and the Pacific/Far East regions rely heavily on foreign sources for their hotel guests, whereas Australia, due in part to its geographic location, had a much higher percentage of domestic visitors. Although individual tourists and tour groups provided the largest market segment for the region, business travelers provided significant demand for regions analyzed. Advance reservations repre-

Exhibit II-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency
Asia and Australasia

Criteria	Category of Typical Contributor
Age	Built after 1975
Size	200–500 rooms
Occupancy	65%–85%
Average Rate	$45–$75
Sales Volume	Between $5 million–$20 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 60% and 80% of room sales.
Location	Mostly urban and resort
Market	Tourists
Rating	First class
Management	Chain affiliated

Exhibit II-2
Highlights*
Asia and Australasia

- Total revenue rose 16.6 percent on a per room basis.
- Room occupancies increased 12.5 percent to 76.4 percent, the largest regional occupancy rate during 1987.
- The average daily rate per occupied room was $55.39 compared with $51.65 in 1986, an increase of 7.2 percent.

*Based on medians.

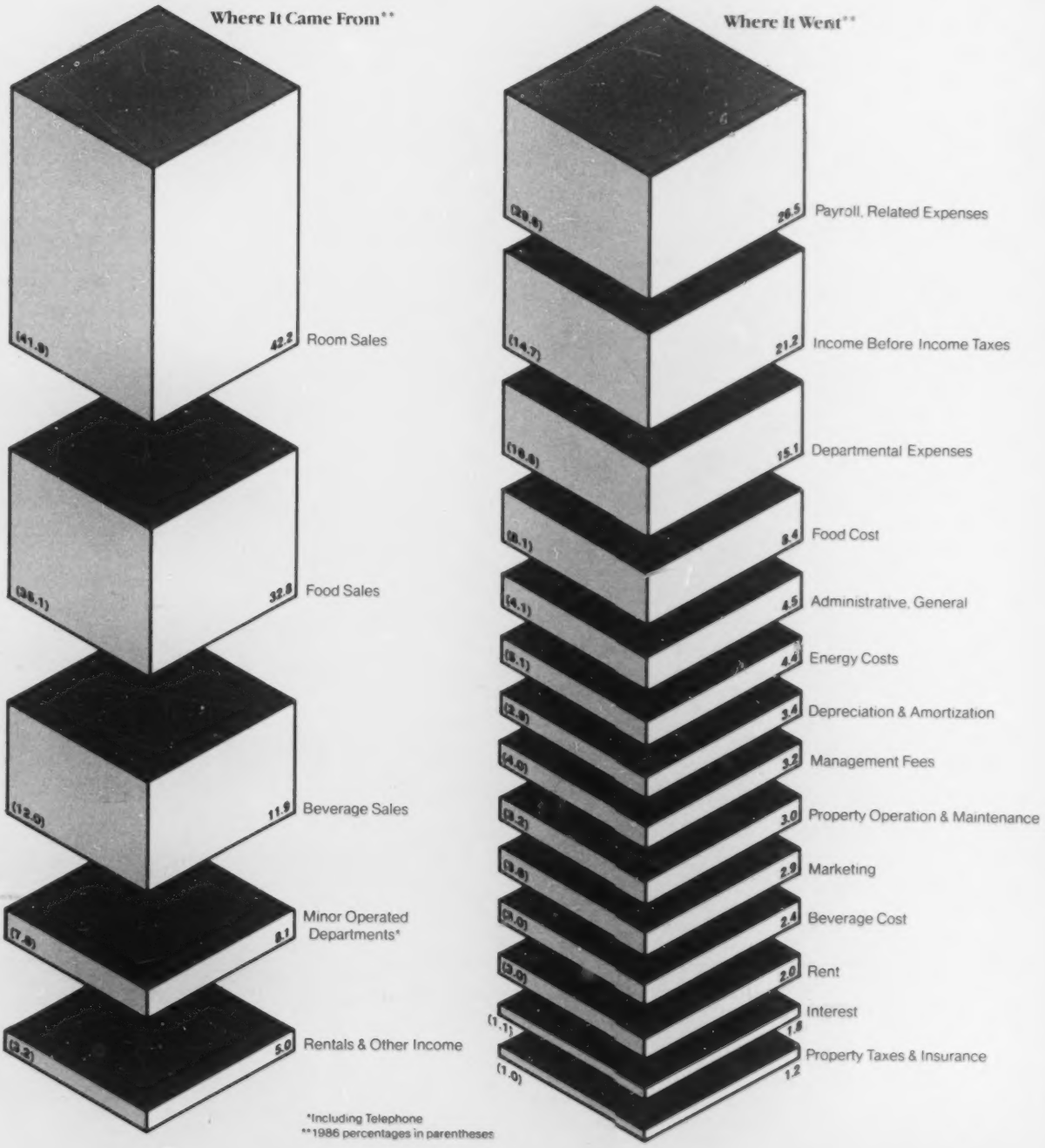
Exhibit II-3
Market Data*
Asia and Australasia

	Total Region	Asia	Pacific Basin Far East	Australia
Source of Business				
Domestic	35.0%	25.9%	25.5%	59.8%
Foreign	65.0	74.1	74.5	40.2
Percentage of Repeat Business	30.7	34.4	29.9	29.0
Composition of Market				
Government Officials	3.9	5.7	2.6	4.1
Business Travelers	30.6	43.2	28.8	22.3
Tourists (Individual)	27.8	16.9	33.1	29.5
Group Tours	23.3	16.1	27.0	23.7
Conference Participants	5.8	5.0	4.1	9.1
Other	8.6	13.1	4.4	11.3
Percentage of Advance Reservations	84.2	76.0	87.9	85.2
Composition of Advance Reservations				
Direct	28.7	32.0	31.4	21.9
Own Reservation	16.4	20.2	13.3	17.7
Independent Reservation	5.9	6.9	6.4	4.4
Travel Agents & Tour Operators	38.8	30.3	38.6	46.5
Other	10.2	10.6	10.3	9.5
Method of Payment for Hotel Services				
Cash Sales	32.3	29.8	31.7	35.8
Credit Card Sales	33.2	36.4	33.4	29.3
All Other Credit Sales	34.5	33.8	34.9	34.9

*Arithmetic mean.

Chart 4

Asia and Australasia
Percentage Distribution of Revenue and Expenses



*Including Telephone
**1986 percentages in parentheses

sented 84.2 percent of all rooms sold, with virtually no variance in the subregions. The nationality breakdown of guests is displayed in Exhibit II-4.

Performance measurements

Exhibit II-5 presents total sales and income comparisons for the region and subregions. Median total sales per room increased substantially for the region as did income before fixed charges. When analyzing these dollar figures the reader should refer to the currency exchange table at the end of the section.

Exhibit II-4
Nationality of Guests—1987*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
American	15.3%	13.9%	17.9%	12.0%
Australasian	23.2	8.7	6.5	63.6
British	4.5	6.7	4.6	2.3
Canadian	1.8	1.4	2.1	1.6
Caribbean	0.1	**	0.1	**
Central American	0.3	0.5	0.3	0.1
French	2.2	4.4	1.8	0.9
German	2.6	4.8	2.3	0.9
Italian	1.4	2.6	1.3	0.5
Japanese	20.4	12.6	32.3	12.0
Middle Eastern	0.7	1.3	0.8	**
Mexican	0.1	0.1	0.2	0.1
North African	0.1	**	0.2	**
Other African	0.4	**	0.4	0.6
Scandinavian	0.8	0.9	0.9	0.5
Other European	3.6	8.1	2.5	1.3
Other Asian	22.2	33.7	25.3	3.5
South American	0.3	0.3	0.5	0.1

*Arithmetic Mean
**Less than 0.05 percent.

Exhibit II-5
Comparison of Sales and Profitability*
Asia and Australasia

	Total Region		Asia		Pacific Basin/ Far East		Australia	
	1987	1986	1987	1986	1987	1986	1987	1986
Amounts Per Available Room								
Total Sales	$31,150	$26,709	$19,166	$19,867	$43,464	$47,897	$33,802	$23,628
Income Before Fixed Charges	9,638	5,952	3,312	4,191	16,296	14,438	4,881	5,273
Net Income**	$ 5,674	$ 2,142	$ 1,949	$ 815	$ 8,338	$ 8,521	$ 2,874	$ 1,655
Ratio of Income Before Fixed Charges								
Room Sales	56.0%	45.4%	44.3%	45.9%	73.1%	70.6%	31.6%	39.4%
Total Sales	27.6	20.3	18.7	23.0	40.2	27.1	15.3	19.6
Number of Times Average Rate Was Earned	177	108	133	102	237	225	84	103
Increase (Decrease)	63.9%		30.4%		5.3%		(18.4)%	

*All figures are medians.
**Before income tax.

Occupancy and average rate

Occupancy rates for the region rose to 76.4 percent in 1987 from 67.9 percent in 1986. The Pacific Basin/Far East reported the most dramatic increase in occupancy. On the other hand, occupancies remained flat in Australasia at 68.5 percent. Occupancy rates throughout this region remain high compared with other regions of the world and point to the growing importance of tourism and the results of promotional efforts by many individual countries located within this region.

The average daily rate for the region stands at $55.39, up slightly from the $51.65 in 1986. These highlights are presented in Exhibit II-2 (page 29). The currency exchange table provided at the end of this section should be used to interpret dollar values such as rates which may be misleading due to fluctuations.

Chart 5 presents a comparison of 1985 and 1986 occupancy rates for the subregions in this section.

Exhibit II-6
Occupancy, Double Occupancy, Room Rates*
Asia and Australasia

	Total Region		Asia		Pacific Basin/ Far East		Australia	
	1987	1986	1987	1986	1987	1986	1987	1986
Annual Room Occupancy	76.4%	67.9%	66.9%	60.8%	88.2%	78.4%	68.5%	68.5%
Number of Guests Per Room	1.50	1.46	1.46	1.31	1.53	1.54	1.70	1.75
Average Daily Rate								
Per Room (U.S. Dollars)	$55.39	$51.65	$40.78	$41.46	$67.10	$69.81	$62.27	$50.85
Per Guest (U.S. Dollars)	38.14	36.15	30.84	36.15	52.66	46.12	34.36	30.63

*All figures are medians.

Chart 5
Region II: Asia and Australasia
Occupancy Rates
1987 vs. 1986

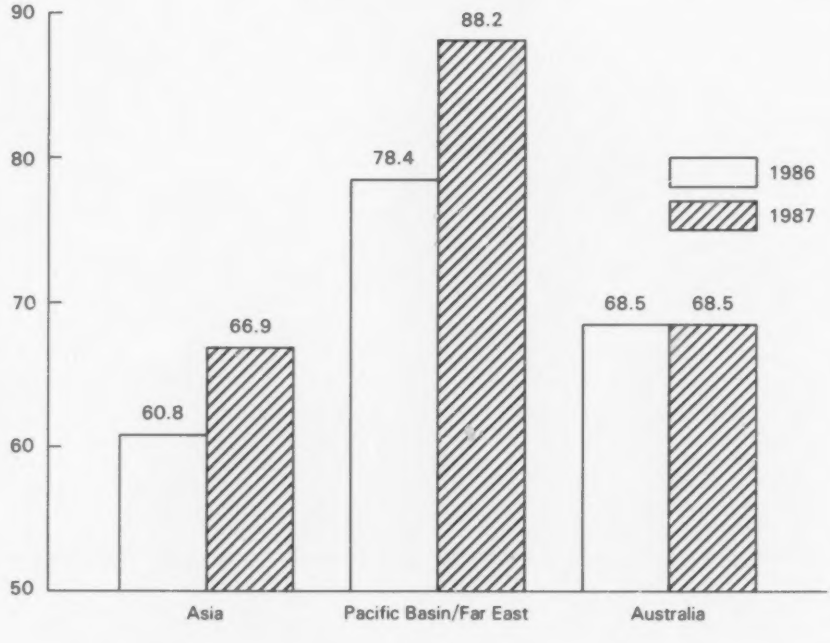


Exhibit II-7
Percentage of Hotels Utilizing Various Technologies*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Computerized Reservation System	66.0%	63.6%	68.1%	64.1%
Computerized Guest Accounting	68.1	63.6	69.6	69.2
Computerized Accounting System (General Ledger)	75.9	69.7	76.8	79.5
Computerized Energy Management System	26.9	12.1	24.6	43.6
Automatic Checkout Machines	11.3	6.1	13.0	12.8
Electronic Card Key System	12.3	21.2	10.1	10.3
Direct Dialing for International Telephone Calls	83.7	75.8	85.5	87.2
Least Cost Routing for Guest Telephone Calls	35.5	36.4	37.7	30.8
Point of Sales Terminals for Food and Beverage Outlets	63.1	63.6	66.7	56.4
Fire Detectors (Heat or Smoke)	88.6	90.9	89.9	84.6
Microcomputers Available for Guest Use	26.9	36.4	26.1	20.5

*Based on hotels supplying data.

Exhibit II-8
Percentage of Hotels Offering Various Guest Services*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Airport Transportation	73.8%	88.6%	80.3%	48.7%
Audio-Visual Equipment	76.6	85.7	64.8	89.7
Auto Rental Services	69.7	82.9	60.6	74.4
Concierge Services	80.0	77.1	83.1	76.9
Health Club Facilities	56.6	85.7	45.1	51.3
Multilingual Staff	66.2	62.9	63.4	74.4

*Based on hotels supplying data.

Exhibit II-9
Composition of Sales*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Rooms	51.7%	46.6%	55.5%	49.3%
Food	27.2	29.2	26.5	26.5
Beverage	10.1	10.6	6.8	15.6
Telephone	3.6	6.2	3.0	2.4
Minor Operated Departments	4.1	4.4	3.6	4.8
Rentals & Other Income	3.3	3.0	4.6	1.4
Total	100.0%	100.0%	100.0%	100.0%

*Arithmetic mean.

Use of technology and guest services

Exhibit II-7 shows the different technological systems used by hotels surveyed. Computerized reservation systems were used in 66 percent of the hotels surveyed while over three-quarters of the hotels had computerized general ledger systems installed.

Currently, Australian hotels seem to be installing new technological equipment at a faster rate than the other subregions in this area. This is particularly true with computerized energy management systems, which were present in 43.6 percent of the hotels surveyed in Australia compared with 26.9 percent for the entire region.

The majority of hotels surveyed offer a variety of guest services, including auto rental and airport transportation (Exhibit II-8).

Analysis of sales

Room sales provided the largest proportion of total sales for the region and subregions, followed by food sales. Australia relied more on beverage sales than the other two subregions as a source of revenue for hotels. Exhibit II-9 outlines these figures.

Summary

The following exhibits provide information on ratios to total sales, ratio to room sales, amounts per available room and food and beverage statistics. The results are broken down by department type and reported medians. It is important to note that columns of median numbers cannot be totaled, rather each line item should be analyzed separately.

Exhibit II-10
Telephone and Minor Operated Departments*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Telephone				
Amount Per Room				
Sales	$1,145	$1,252	$1,254	$ 907
Cost of Calls	793	956	945	659
Equipment Rental	80	55	79	97
Total	858	1,020	873	791
Payroll & Related Expenses	133	70	165	301
All Other Expenses	6	8	4	10
Total Cost & Expenses	$1,065	$1,130	$1,103	$1,004
Net Departmental Income	144	246	208	15
Ratio to Total Sales				
Sales	3.5%	5.9%	3.2%	3.2%
Cost of Sales	3.1	4.5	2.9	2.2
Payroll & Related Expenses	0.4	0.3	0.4	0.7
Minor Operated Departments				
Amount Per Room				
Sales	$ 803	$ 662	$1,186	$ 585
Cost of Sales	228	139	319	294
Payroll & Related Expenses	140	94	142	233
Other Expenses	57	55	77	33
Total Costs & Expenses	420	316	583	308
Net Departmental Income	$ 384	$ 414	$ 484	$ 310
Ratio to Total Sales				
Sales	2.7%	3.3%	2.7%	2.0%
Cost of Sales	0.7	0.7	0.8	0.6
Payroll & Related Expenses	0.4	0.5	0.4	0.9
Rentals & Other Income				
Amount Per Room				
Space Rentals	$ 175	$ 182	$ 231	$ 108
Concessions	61	73	590	41
Commissions	32	27	58	21
Other	305	220	529	188
Total Rentals & Other Income	$ 528	$ 408	$ 849	$ 261
Ratio to Total Sales	1.8%	2.1%	1.9%	0.8%

*All figures are medians and do not necessarily add to totals shown.

Exhibit II-11
Food and Beverage Statistics*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$4,839	$4,256	$6,345	$6,037
Room Service	490	382	514	908
Banquet	2,096	1,262	2,451	2,902
Bar/Lounge	187	101	263	489
Total	$7,865	$5,964	$9,129	$9,799
Ratio to Total Sales				
Dining Room	70.3%	71.9%	70.3%	68.1%
Room Service	6.2	6.4	5.4	8.8
Banquet	23.4	19.5	24.4	26.7
Bar/Lounge	2.6%	1.4%	3.4%	4.9%
Amount Per Seat				
Dining Room	$6,131	$4,182	$7,304	$6,817
Banquet	1,171	820	2,309	1,267
Bar/Lounge	526	122	680	1,256
Total	$3,005	$1,906	$4,909	$2,942
Average Check				
Dining Room	$ 8.25	$ 6.41	$ 7.63	$12.25
Room Service	6.06	4.62	6.36	9.11
Banquet	11.68	6.47	13.22	14.14
Total	$ 8.62	$ 6.34	$ 8.10	$12.77
Covers Served Per Seat				
Dining Room	727	635	961	581
Banquet	118	114	147	100

*All figures are medians and do not necessarily add to totals shown.

(continued on next page)

Exhibit II-11 (continued)
Food and Beverage Statistics*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Room Service Sales				
Per Occupied Room				
Food	$ 1.85	$ 1.63	$ 1.69	$ 3.39
Beverage	.27	.18	.18	1.03
Total	$ 2.06	$ 1.83	$ 1.82	$ 3.57
Per Guest				
Food	$ 1.25	$ 1.28	$ 1.12	$ 2.49
Beverage	.19	.15	.11	.72
Total	$ 1.40	$ 1.22	$ 1.18	$ 2.61
Beverage Sales—By Facility				
Amount Per Available Room				
Dining Room	$1,101	$ 893	$1,171	$1,856
Room Service	74	42	58	281
Banquet	363	242	368	1,169
Bar/Lounge	1,457	991	1,812	3,196
Total	$3,056	$2,364	$2,990	$5,740
Ratio to Total Beverage Sales				
Dining Room	36.9%	36.7%	44.6%	30.6%
Room Service	2.2	1.9	1.8	6.9
Banquet	13.2	12.2	12.8	16.6
Bar/Lounge	45.4	45.2	40.4	49.8
Ratio to Food Sales				
Dining Room	21.1%	21.3%	19.3%	26.0%
Room Service	12.0	11.3	9.5	32.5
Banquet	22.5	18.2	20.4	34.9
Total (Including Bar/Lounge)	35.9%	38.9%	30.6%	55.2%
Amount Per Seat				
Dining Room	$1,129	$ 776	$1,493	$2,101
Banquet	247	123	441	567
Bar/Lounge	3,352	2,094	3,775	3,799
Total	$1,104	$ 666	$1,396	$1,732

*All figures are medians and do not necessarily add to totals shown.

Exhibit II-12
Employment Statistics*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Employment Statistics				
Sales Per Employee				
Rooms	$52,355	$27,453	$54,117	$71,735
Food & Beverage	24,300	14,503	24,075	41,466
Telephone	69,526	52,956	73,184	86,252
Minor Departments	20,192	13,412	27,579	44,461
Total Sales Per Employee	$31,439	$15,031	$31,223	$44,216
Number of Full-Time Equivalent Employees Per 100 Available Rooms				
Rooms				
Front Desk	11.1	11.9	12.9	6.5
Housekeeping	21.5	22.4	24.3	12.7
Food & Beverage	51.1	65.4	53.8	38.7
Telephone	2.1	2.3	2.2	1.6
Minor Operated Departments	4.4	5.8	5.4	2.7
Administrative & General	10.2	12.8	10.4	7.6
Marketing				
Sales	2.2	2.7	2.1	1.9
Other Marketing	0.9	0.8	1.0	0.5
Property Operation & Maintenance	6.8	9.8	7.6	3.8
Other	6.4	7.3	9.1	3.2
Total	118.6	144.8	122.5	76.0

*All figures are medians and do not necessarily add to totals shown.

Exhibit II-13
Analysis of Undistributed Operating Expenses*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Administrative & General				
Cost Per Available Room				
Payroll & Related Expenses	$1,152	$ 815	$1,221	$1,855
Other	968	786	969	1,483
Total	2,141	1,596	2,137	3,427
Ratio to:				
Room Sales	14.8%	19.1%	11.1%	18.5%
Total Sales — 1987	7.8	8.0	6.1	9.1
Total Sales — 1986	8.5	8.5	6.0	9.3
Increase (Decrease)	(8.2)	(5.9)	1.7	(2.2)
Marketing				
Cost Per Available Room				
Payroll & Related Expenses	$ 367	$ 277	$ 403	$ 445
Other	1,082	945	992	1,534
Total	1,439	1,252	1,428	1,922
Ratio to:				
Room Sales	7.9%	13.1%	5.9%	10.4%
Total Sales — 1987	4.0	5.8	2.7	5.5
Total Sales — 1986	3.9	5.7	3.8	3.2
Increase (Decrease)	2.6	1.8	(28.9)	71.9
Energy				
Cost Per Available Room	$1,352	$1,464	$1,348	$1,114
Ratio to:				
Room Sales	8.9%	16.1%	6.9%	7.1%
Total Sales — 1987	4.5	7.8	4.2	3.5
Total Sales — 1986	4.2	7.4	5.7	3.3
Increase (Decrease)	7.1	5.4	(26.3)	6.0
Property Operation & Maintenance				
Cost Per Available Room				
Payroll & Related Expenses	$ 568	$ 353	$ 615	$ 714
Other	881	752	919	926
Total	1,431	1,100	1,515	1,559
Ratio to:				
Room Sales	8.3%	11.9%	7.1%	9.0%
Total Sales — 1987	4.2	4.9	3.7	4.2
Total Sales — 1986	4.3	4.8	4.4	4.0
Increase (Decrease)	2.3	2.1	(15.9)	5.0

*All figures are medians and do not necessarily add to totals shown.

Exhibit II-14
Credit Card Sales*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
American Express	49%	55%	48%	43%
VISA	20	19	23	17
MasterCard	11	9	10	15
Diner's Club	11	12	10	13
Other	9	5	9	12

*Arithmetic mean.

Exhibit II-15
Fixed Charges*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Rent	$ 674	$ 219	$ 994	$ 678
Property Taxes	262	249	211	601
Property Insurance	105	117	39	220
Interest	599	353	705	1,035
Depreciation	1,392	1,182	1,476	1,483
Leased Equipment	210	67	365	263
Total Fixed Charges	$2,212	$1,600	$2,963	$2,731
Ratio to Total Sales	8.4%	8.5%	7.2%	9.5%

*All figures are medians and do not necessarily add to totals shown.

Exhibit II-16
Amount Per Available Room*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Average Annual Occupancy	76.4%	66.9%	88.2%	68.6%
Average Annual Room Rate	$ 55.39	$ 40.78	$ 67.10	$ 62.27
Revenues				
Rooms	$15,566	$ 9,179	$19,400	$14,864
Food	8,754	5,964	9,129	9,799
Beverage	2,965	2,364	2,947	5,275
Other Food & Beverage	340	172	129	533
Telephone	1,042	1,221	1,099	907
Minor Operated	683	660	1,056	506
Rentals & Other Income	458	408	775	261
Total	31,150	19,166	43,463	33,802
Department Expenses				
Rooms	3,413	2,066	3,840	4,615
Food & Beverage	8,110	6,199	8,172	13,372
Telephone	963	1,091	970	756
Minor Operated	327	308	437	250
Total	12,507	9,828	13,386	20,165
Department Profit				
Rooms	11,723	6,986	15,193	10,129
Food & Beverage	2,310	1,952	3,619	1,839
Telephone	122	235	159	8
Minor Operated	351	396	386	305
Rentals & Other Income	458	408	775	182
Total	16,352	9,338	23,907	14,118
Undistributed Operating Expenses				
Administrative & General	2,134	1,596	2,137	3,400
Marketing	1,330	1,252	1,057	1,820
Energy Costs	1,335	1,464	1,348	1,050
Property Operations	1,355	1,086	1,507	1,353
Total	6,468	5,511	6,071	8,756
Income Before Management Fees	10,092	3,777	18,135	5,534
Management Fees	487	569	1,918	601
Income Before Fixed Charges	9,638	3,312	16,296	4,577
Fixed Charges	2,212	1,600	2,963	2,731
Income Before Income Taxes	5,674	1,949	8,338	2,849
Reserve for Capital	801	567	1,060	1,273

*All figures are medians and do not necessarily add to totals shown.

Exhibit II-17
Ratio to Total Sales*
Asia and Australasia

	Total Region	Asia	Pacific Basin/ Far East	Australia
Average Annual Occupancy	76.4%	66.9%	82.2%	68.6%
Average Annual Room Rate	$55.39	$40.78	$67.10	$62.27
Revenues				
Rooms	50.3%	46.5%	56.6%	47.1%
Food	26.0	28.8	23.9	25.3
Beverage	9.3	10.3	7.9	13.1
Other Food & Beverage	0.8	1.0	0.5	0.8
Telephone	3.6	6.2	3.5	2.8
Minor Operated	2.5	3.2	2.4	1.6
Rentals & Other Income	1.5	2.1	1.6	0.6
Total	100.0	100.0	100.0	100.0
Department Expenses				
Rooms	11.4	10.8	10.4	15.0
Food & Beverage	27.4	28.9	21.8	34.2
Telephone	3.2	5.0	3.2	2.7
Minor Operated	1.3	1.4	1.3	0.7
Total	45.2	48.3	38.0	57.1
Department Profit				
Rooms	39.3	35.4	46.6	31.3
Food & Beverage	9.6	9.6	10.3	6.8
Telephone	0.4	1.3	0.5	0.0
Minor Operated	1.2	1.8	1.2	0.7
Rentals & Other Income	1.5	2.1	1.6	0.6
Total	54.5	51.7	62.0	42.6
Undistributed Operating Expenses				
Administrative & General	7.8	8.0	6.1	9.0
Marketing	3.7	5.8	2.5	5.3
Energy Costs	4.5	7.8	4.2	3.3
Property Operations	4.2	4.9	3.7	4.2
Total	20.5	28.6	17.6	23.4
Income Before Management Fees	29.4	20.8	45.3	18.0
Management Fees	2.3	3.0	1.9	1.6
Income Before Fixed Charges	27.6	18.7	40.2	15.3
Fixed Charges	6.8	6.8	6.9	6.5
Income Before Income Taxes	16.1	7.5	28.4	11.4
Reserve for Capital	2.8	2.4	2.7	2.9

*All amounts are medians and do not necessarily add to totals shown.

Region II
Currency Conversion Tables
1987 vs. 1986 Percentage of Change
Asia and Australasia

	1986 Factor [$US/(x)]	1987 Factor [$US/(x)]	Percentage of Change
Subregion 1—Asia			
India	0.07923	0.077126	(2.7)
Nepal	0.04669	0.045910	(1.7)
Pakistan	0.05999	0.057481	(4.2)
South Korea	*	*	*
Sri Lanka	0.03564	0.033779	(5.2)
Subregion 2—Far East			
Hong Kong	0.12840	0.126300	(1.6)
Japan	0.00602	0.007022	(16.6)
Malaysia	0.38632	0.397904	3.0
Singapore	0.45982	0.477009	3.7
Thailand	0.03805	0.038936	2.3
Subregion 3—Pacific Basin			
Australia	0.67092	0.701058	4.5
Brunei	*	*	*
Fiji	0.88368	0.805333	8.9
French Polynesia	*	*	*
Guam	1.00000		
Indonesia	0.00079	0.000608	(23.0)
New Zealand	0.52780	1.009492	91.7*
Philippines	0.04882	0.048613	(0.4)
Vanuatu	0.00940	N/A	N/A

Source: *International Financial Statistics.*
*Reported in U.S. Dollars. Conversion factor not available.
N/A: Not available.

REGION III: NORTH AMERICA

Overview

Hotels in the North American region, which encompasses the two subregions of Canada and the United States, experienced a room occupancy decline of 2.9 percent in 1987. The decline in occupancies occurred strictly in the United States; Canadian occupancies increased slightly to 70.9 percent. The declining occupancies in the United States is attributable to the vast increase in the supply of hotel rooms that occurred during the early and mid-1980s. At the same time, demand for rooms also increased but slower than the explosive growth in supply. Despite declining occupancies, international travel flow was up significantly in 1987, with additional increases in foreign travel expected in 1988. For the most part, this is due to the favorable exchange rates for foreign tourists.

Exhibit III-2 presents operational highlights for the region, while Exhibit III-1 provides information about the typical contributor for the region.

A regional analysis of the source and distribution of the hotel industry dollar is illustrated in Chart 6 (page 44). Room sales provide the largest portion of revenue followed by food sales. On the expenditure side, employee payroll and related expenses was the largest category, followed by departmental expenses.

Regional and subregional market data is presented in Exhibit III-3. Both Canadian and U.S. properties indicate that domestic travelers are by far the largest

Exhibit III-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency
North America

Criteria	Category of Typical Contributor
Age	Built after 1970
Size	175–350 rooms
Occupancy	60%–75%
Average Rate	$50–$75
Sales Volume	Between $3 million–$15 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 55% and 75% of room sales.
Location	Urban
Market	Business Travelers
Rating	First class
Management	Chain affiliated

Exhibit III-2
Highlights*
North America

- Total revenue increased 2.1 percent on a per room basis.
- Room occupancies declined 2.9 percent to 66.5 percent compared with 69.5 percent in 1986.
- The average daily rate per occupied room was $61.45 compared with $61.66 in 1986.

*Based on medians.

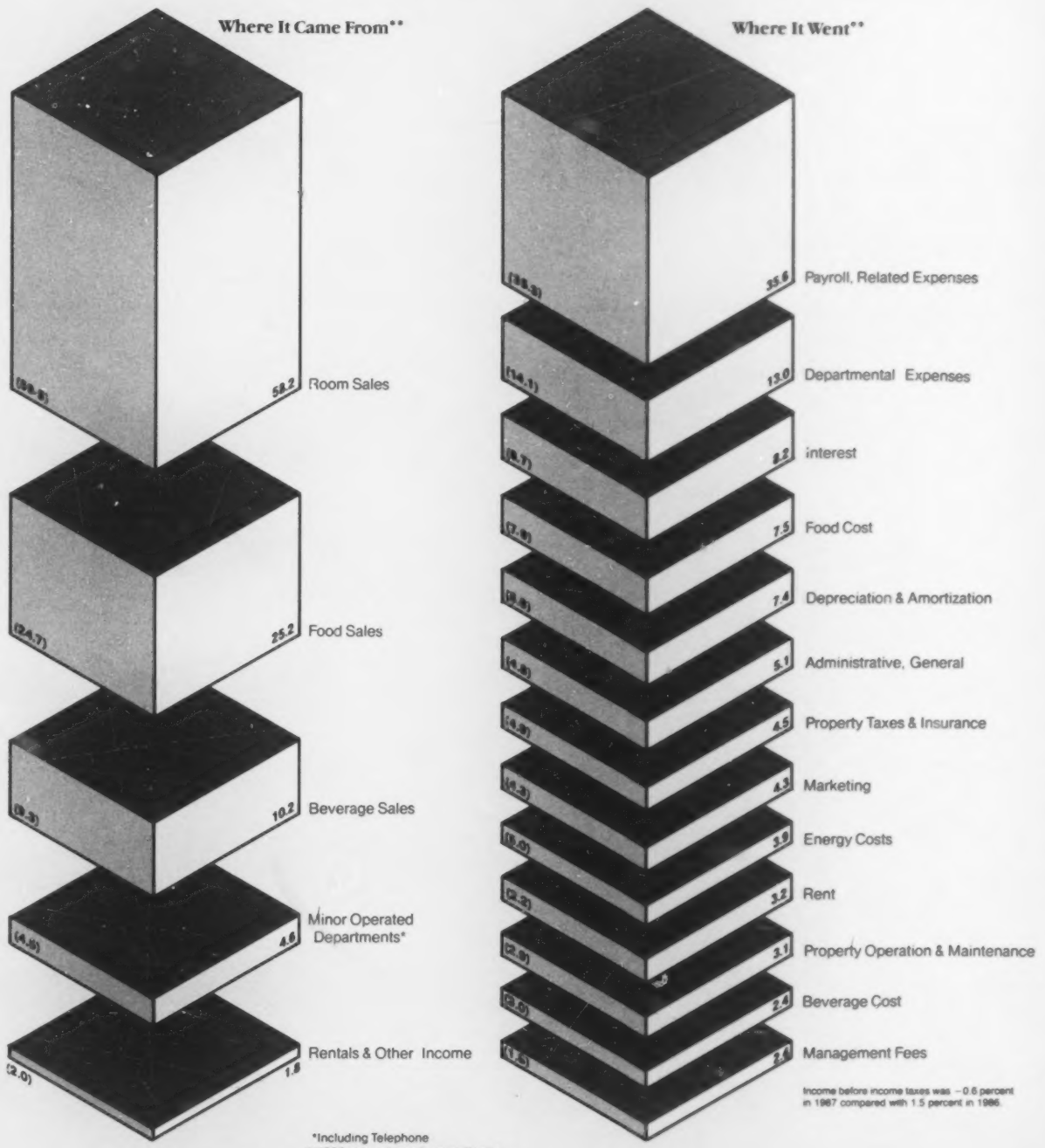
Exhibit III-3
Market Data*
North America

	Total Region	Canada	United States
Source of Business			
Domestic	84.6%	75.0%	88.7%
Foreign	15.4	25.0	11.3
Percentage of Repeat Business	42.8	41.4	43.5
Composition of Market			
Government Officials	4.2	11.6	0.4
Business Travelers	39.4	37.2	40.5
Tourists (Individual)	21.8	16.9	24.4
Group Tours	4.0	9.6	0.9
Conference Participants	22.7	15.6	26.6
Other	7.9	9.1	7.2
Percentage of Advance Reservations	81.3	82.8	80.7
Composition of Advance Reservations			
Direct	38.3	38.2	38.4
Own Reservation	23.1	23.6	22.9
Independent Reservation	4.0	3.9	4.0
Travel Agents & Tour Operators	23.9	27.1	22.5
Other	10.7	7.2	12.2
Method of Payment for Hotel Services			
Cash Sales	25.2	27.9	24.0
Credit Card Sales	52.9	49.9	54.2
All Other Credit Sales	21.9	22.2	21.8

*Arithmetic mean.

Chart 6

North America
Percentage Distribution of Revenue and Expenses



Income before income taxes was −0.6 percent in 1987 compared with 1.5 percent in 1986.

*Including Telephone
**1986 percentages in parentheses

market segment. Percentage of repeat business in this region is particularly high at 42.8 percent of all business. This could be a positive result of the installation and use of central reservations systems by 77.8 percent of the hotels in the region.

The nationality breakdown of guests is presented in Exhibit III-4. Canadian and American guests comprised approximately 90 percent of all hotel guests throughout the region.

Performance measurements

Comparisons of total sales and income for properties surveyed in North America are presented in Exhibit III-5. Total sales per available room remained flat for both countries and the entire region. However, net income before income tax fell slightly in Canada, while U.S. hotels are still experiencing great difficulty taking large operating profits down to the bottom line.

Exhibit III-4
Nationality of Guests—1987*
North America

	Total Region	Canada	United States
American	67.4%	24.0%	87.4%
Australasian	0.3	0.3	0.2
British	1.0	1.0	0.9
Canadian	23.9	67.7	2.5
Caribbean	0.1	0.1	0.1
Central American	0.1	0.2	0.1
French	1.4	1.0	2.7
German	0.7	0.7	0.7
Italian	0.5	0.5	0.5
Japanese	1.4	1.2	1.8
Middle Eastern	0.1	0.2	0.1
Mexican	0.3	0.2	0.8
North African	0.1	0.1	0.1
Other African	0.1	0.1	**
Scandinavian	0.2	0.2	0.2
Other European	1.0	1.1	0.7
Other Asian	0.7	0.8	0.3
South American	0.7	0.6	0.9

*Arithmetic mean.
**Less than 0.05 percent.

Exhibit III-5
Comparison of Sales and Profitability*
North America

	Total Region		Canada		United States	
	1987	1986	1987	1986	1987	1986
Amounts Per Available Room						
Total Sales	$24,956	$23,963	$23,603	$23,963	$24,908	$24,097
Income Before Fixed Charges	5,409	5,398	5,523	5,236	5,377	5,709
Net Income** or (Loss)	$ (307)	$ 676	$ 1,242	$ 1,264	$ (1,764)	$ (52)
Ratio of Income Before Fixed Charges						
Room Sales	37.9%	38.3%	40.4%	40.0%	36.0%	37.8%
Total Sales	21.7	23.2	22.3	22.1	20.9	24.0
Number of Times Average Rate Was Earned	78	100	104	104	89	100
Increase (Decrease)	(2.0)%		—		(11.0)%	

*All figures are medians.
**Before income tax.
—No change.

Occupancy and average rate

Room occupancies for the region declined 2.9 percent to 66.5 percent in 1987. Canadian properties had the highest median occupancy rates among the two subregions, 70.9 percent, up from 69.2 percent in 1986. Occupancies in the U.S. dropped from 67.6 percent in 1986 to 63.7 percent in 1987. Average rate for both the Canadian and U.S. showed little change in 1987.

Occupancy rates for 1986 and 1987 for the subregions in this section of the study are illustrated in Chart 7.

Use of technology and guest services

Exhibit III-7 shows the percentage of hotels using various technologies. Nearly 80 percent of the hotels in the region use computerized reservation systems, guest accounting and general ledger accounting systems. The U.S. properties surveyed tend to utilize technological systems more than any other subregion examined in this report.

Exhibit III-8 presents the percentage of hotels offering different types of services to their guests. The exhibit is helpful in understanding which types of hotels participated in this year's report.

Exhibit III-6
Occupancy, Double Occupancy, Room Rates*
North America

	Total Region		Canada		United States	
	1987	1986	1987	1986	1987	1986
Annual Room Occupancy	66.5%	68.5%	70.9%	69.2%	63.7%	67.6%
Number of Guests Per Room	1.44	1.47	1.41	1.43	1.45	1.65
Average Daily Rate						
Per Room (U.S. Dollars)	$61.45	$61.66	$53.95	$51.26	$67.35	$66.92
Per Guest (U.S. Dollars)	52.74	43.73	43.23	38.45	58.95	51.21

*All figures are medians.

Chart 7
Region III: North America
Occupancy Rates
1987 vs. 1986

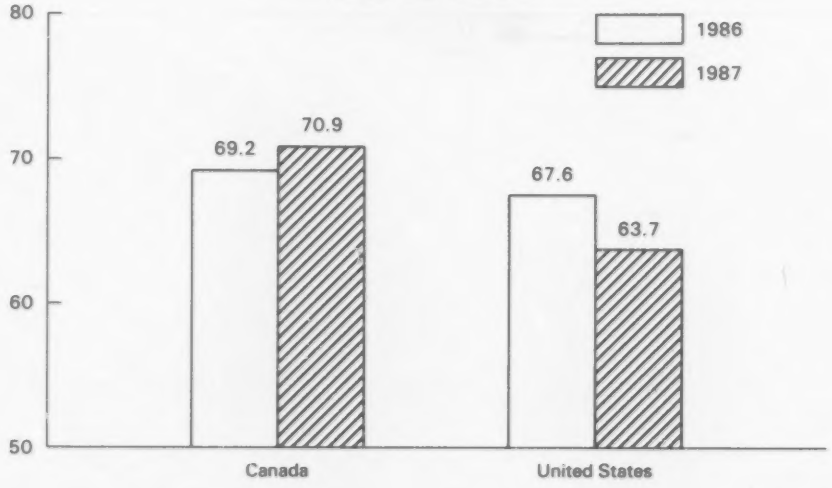


Exhibit III-7
Percentage of Hotels Utilizing Various Technologies*
North America

	Total Region	Canada	United States
Computerized Reservation System	77.8%	71.2%	95.4%
Computerized Guest Accounting	75.3	69.5	90.9
Computerized Accounting System (General Ledger)	83.9	78.0	100.0
Computerized Energy Management System	25.9	15.2	54.5
Automatic Checkout Machines	8.6	3.4	22.7
Electronic Card Key System	17.3	11.9	31.8
Direct Dialing for International Telephone Calls	77.8	71.2	95.4
Lease Cost Routing for Guest Telephone Calls	46.9	35.6	77.3
Point of Sales Terminals for Food and Beverage Outlets	81.5	76.3	95.4
Fire Detectors (Heat or Smoke)	96.3	94.9	100.0
Microcomputers Available for Guest Use	11.1	1.7	36.4

*Based on hotels supplying data.

Exhibit III-8
Percentage of Hotels Offering Various Guest Services*
North America

	Total Region	Canada	United States
Airport Transportation	68.6%	64.4%	77.8%
Audio-Visual Equipment	94.2	93.3	96.3
Auto Rental Services	67.4	64.4	74.1
Concierge Services	68.1	59.3	85.2
Health Club Facilities	67.5	66.1	70.4
Multilingual Staff	81.4	78.0	88.9

*Based on hotels supplying data.

Exhibit III-9
Composition of Sales*
North America

	Total Region	Canada	United States
Rooms	61.2%	57.1%	63.3%
Food	23.8	24.9	23.3
Beverage	9.5	12.3	8.0
Telephone	2.4	2.5	2.4
Minor Departments	1.6	1.6	1.5
Rentals & Other Income	1.5	1.6	1.5
Total	100.0%	100.0%	100.0%

*Arithmetic mean.

Analysis of sales

As shown in Exhibit III-9, room sales provided the largest source of revenue for all three subregions, with U.S. properties indicating the highest proportion at 63.3 percent. Both subregions indicated over one-fourth of their revenue was derived from food and beverage sales combined.

Summary

The remaining exhibits provide information on ratios to total sales, ratio to room sales, amounts per available room and food and beverage statistics. The results are broken down by department type and reported in medians. It is important to note that columns of median numbers cannot be totaled when using the indices. Each item should be analyzed separately.

Exhibit III-10
Telephone and Minor Operated Departments*
North America

	Total Region	Canada	United States
Telephone			
Amount Per Room			
Sales	$594	$613	$575
Cost of Calls	324	384	305
Equipment Rental	152	195	94
Total	442	584	378
Payroll & Related Expenses	207	180	237
All Other Expenses	11	8	11
Total Cost & Expenses	631	750	553
Net Departmental Income	0	(73)	67
Ratio to Total Sales			
Sales	2.9%	3.2%	2.7%
Cost of Sales	1.9	2.4	1.5
Payroll & Related Expenses	0.7	0.7	0.7
Minor Operated Departments			
Amount Per Room			
Sales	$370	$335	$392
Cost of Sales	182	164	182
Payroll & Related Expenses	177	118	249
Other Expenses	66	75	56
Total Costs & Expenses	371	346	403
Net Departmental Income	14	38	5
Ratio to Total Sales			
Sales	1.6%	1.6%	1.5%
Cost of Sales	0.6	0.6	0.6
Payroll & Related Expenses	0.6	0.4	0.7
Rentals & Other Income			
Amount Per Room			
Space Rentals	$ 87	$ 89	$ 84
Concessions	68	77	64
Commissions	30	39	30
Other	133	117	134
Total Rentals & Other Income	290	274	297
Ratio to Total Sales	1.2%	1.1%	1.3%

*All figures are medians and do not necessarily add to totals shown.

Exhibit III-11
Food and Beverage Statistics*
North America

	Total Region	Canada	United States
Food Sales—By Facility			
Amount Per Available Room			
Dining Room	$3,120	$3,120	$3,121
Room Service	493	477	518
Banquet	2,359	2,163	2,508
Bar/Lounge	157	271	53
Total	$6,093	$5,995	$6,315
Ratio to Total Sales			
Dining Room	50.2%	50.2%	49.9%
Room Service	7.3	7.9	7.2
Banquet	39.7	38.5	40.8
Bar/Lounge	2.5%	4.0%	0.9%
Amount Per Seat			
Dining Room	$4,985	$5,119	$4,985
Banquet	853	789	893
Bar/Lounge	451	669	272
Total	$1,650	$1,550	$1,799
Average Check			
Dining Room	$ 8.90	$ 7.74	$ 9.57
Room Service	7.38	6.34	8.6
Banquet	11.60	9.86	14.6
Total	$ 9.21	$ 8.70	$ 9.89
Covers Served Per Seat			
Dining Room	589	646	582
Banquet	90	86	91

*All figures are medians and do not necessarily add to totals shown.

(continued on next page)

Exhibit III-11 (continued)
Food and Beverage Statistics*
North America

	Total Region	Canada	United States
Room Service Sales			
Per Occupied Room			
Food	$ 1.97	$ 1.79	$ 2.19
Beverage	.45	.42	.47
Total	$ 2.33	$ 2.25	$ 2.54
Per Guest			
Food	$ 1.56	$ 1.34	$ 1.70
Beverage	.38	.37	.39
Total	$ 1.94	$ 1.79	$ 2.01
Beverage Sales—By Facility			
Amount Per Available Room			
Dining Room	$ 544	$ 593	$ 518
Room Service	108	104	116
Banquet	621	704	600
Bar/Lounge	1,117	1,258	944
Total	$2,560	$2,843	$2,389
Ratio to Total Beverage Sales			
Dining Room	21.1%	22.6%	21.0%
Room Service	3.8	4.0	3.7
Banquet	25.3	24.7	25.5
Bar/Lounge	45.9	42.6	46.9
Ratio to Food Sales			
Dining Room	18.1%	22.4%	16.5%
Room Service	21.0	23.9	19.3
Banquet	27.3	33.6	23.0
Total (Including Bar/Lounge)	38.9%	48.0%	34.9%
Amount Per Seat			
Dining Room	$ 947	$1,043	$ 843
Banquet	255	258	235
Bar/Lounge	3,051	3,399	3,016
Total	$ 727	$ 774	$ 770

*All figures are medians and do not necessarily add to totals shown.

Exhibit III-12
Employment Statistics*
North America

	Total Region	Canada	United States
Employment Statistics			
Sales Per Employee			
Rooms	$75,107	$70,220	$79,060
Food & Beverage	32,258	30,332	33,235
Telephone	56,714	53,036	64,508
Minor Departments	28,089	25,087	30,915
Total Sales Per Employee	$41,438	$36,673	$44,474
Number of Full-Time Equivalent Employees Per 100 Available Rooms			
Rooms			
Front Desk	5.4	5.3	5.4
Housekeeping	13.6	13.0	13.6
Food & Beverage	29.3	31.3	28.5
Telephone	1.4	1.4	1.4
Minor Operated Departments	2.0	1.3	2.3
Administrative & General	4.4	4.4	4.4
Marketing			
Sales	1.7	1.4	1.9
Other Marketing	0.5	0.3	0.5
Property Operation & Maintenance	2.7	2.4	3.0
Other	3.4	1.8	4.3
Total	65.1	66.6	60.9

*All figures are medians and do not necessarily add to totals shown.

Exhibit III-13
Analysis of Undistributed Operating Expenses*
North America

	Total Region	Canada	United States
Administrative & General			
Cost Per Available Room			
Payroll & Related Expenses	$1,195	$ 990	$1,294
Other	1,247	1,184	1,436
Total	2,467	2,252	2,722
Ratio to:			
Room Sales	16.8%	15.4%	18.5%
Total Sales—1987	10.1	8.4	11.0
Total Sales—1986	10.5	9.2	11.1
Increase (Decrease)	(3.8)	(8.7)	(0.9)
Marketing			
Cost Per Available Room			
Payroll & Related Expenses	$ 510	$ 295	$ 635
Other	1,183	899	1,436
Total	1,598	1,136	2,047
Ratio to:			
Room Sales	10.4%	8.7%	12.2%
Total Sales—1987	5.9	4.9	7.3
Total Sales—1986	5.4	4.8	6.1
Increase (Decrease)	(9.3)	2.1	19.7
Energy			
Cost Per Available Room	$1,044	$ 852	$1,192
Ratio to:			
Room Sales	7.1%	6.3%	7.5%
Total Sales—1987	4.3	3.7	4.7
Total Sales—1986	4.4	3.7	4.5
Increase (Decrease)	(2.3)	—	4.4
Property Operation & Maintenance			
Cost Per Available Room			
Payroll & Related Expenses	$ 553	$ 470	$ 656
Other	720	650	746
Total	1,247	1,100	1,358
Ratio to:			
Room Sales	8.5%	8.2%	8.9%
Total Sales—1987	5.2	4.8	5.4
Total Sales—1986	5.4	5.1	5.6
Increase (Decrease)	(3.7)	(5.9)	(3.6)

*All figures are medians and do not necessarily add to totals shown.
—No change.

Exhibit III-14
Credit Card Sales*
North America

	Total Region	Canada	United States
American Express	49%	42%	52%
VISA	26	33	22
MasterCard	17	17	17
Diner's Club	5	4	5
Other	3	4	4

*Arithmetic mean.

Exhibit III-15
Fixed Charges*
North America

	Total Region	Canada	United States
Rent	$ 904	$ 514	$ 978
Property Taxes	975	1,206	825
Property Insurance	207	156	332
Interest	2,849	2,112	3,402
Depreciation	1,674	1,409	1,994
Leased Equipment	184	116	212
Total Fixed Charges	$5,261	$4,290	$6,749
Ratio to Total Sales	23.7%	14.7%	28.1%

*All figures are medians and do not necessarily add to totals shown.

Exhibit III-16
Amount Per Available Room*
North America

	Total Region	Canada	United States
Average Annual Occupancy	66.5%	70.9%	63.7%
Average Annual Room Rate	$ 61.45	$ 53.95	$ 67.35
Revenues			
Rooms	$14,371	$13,899	$14,636
Food	6,093	5,995	6,315
Beverage	2,507	2,841	2,314
Other Food & Beverage	360	451	269
Telephone	575	608	567
Minor Operated	370	335	392
Rentals & Other Income	264	244	270
Total	24,456	23,603	24,908
Department Expenses			
Rooms	4,082	4,250	4,023
Food & Beverage	7,915	7,910	8,065
Telephone	620	741	539
Minor Operated	94	185	59
Total	12,517	12,999	12,102
Department Profit			
Rooms	10,337	10,011	10,642
Food & Beverages	1,118	1,324	1,057
Telephone	0	−71	64
Minor Operated	14	38	2
Rentals & Other Income	264	244	270
Total	12,135	11,365	13,192
Undistributed Operating Expenses			
Administrative & General	2,461	2,252	2,717
Marketing	1,579	1,117	2,042
Energy Costs	1,035	852	1,191
Property Operations	1,229	1,100	1,324
Total	6,340	5,346	6,890
Income Before Management Fees	6,057	6,352	5,800
Management Fees	571	512	612
Income Before Fixed Charges	5,409	5,523	5,378
Fixed Charges	5,261	4,290	6,749
Income Before Income Taxes	−307	1,242	−1,764
Reserve for Capital Replacement	**	640	**

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit III-17
Ratio to Total Sales*
North America

	Total Region	Canada	United States
Average Annual Occupancy	66.5%	70.9%	63.7%
Average Annual Room Rate	$61.45	$53.95	$67.35
Revenues			
Rooms	58.8%	56.2%	60.5%
Food	23.4	23.2	23.5
Beverage	9.8	11.7	8.4
Other Food & Beverage	1.5	1.9	1.1
Telephone	2.4	2.4	2.4
Minor Operated	0.4	1.1	0.1
Rentals & Other Income	1.1	1.0	1.2
Total	100.0	100.0	100.0
Department Expenses			
Rooms	15.9	15.6	16.7
Food & Beverage	30.7	31.8	30.2
Telephone	2.4	2.9	2.1
Minor Operated	0.4	0.7	0.2
Total	49.8	52.7	47.7
Department Profit			
Rooms	41.3	40.7	41.7
Food & Beverages	4.7	4.9	4.3
Telephone	0.0	−0.3	0.3
Minor Operated	0.1	0.1	0.1
Rentals & Other Income	1.1	1.0	1.2
Total	51.0	47.7	52.4
Undistributed Operating Expenses			
Administrative & General	10.1	8.4	10.9
Marketing	5.9	4.8	7.3
Energy Costs	4.3	3.7	4.7
Property Operations	5.2	4.8	5.4
Total	25.8	21.8	28.9
Income Before Management Fees	24.5	24.8	24.3
Management Fees	2.9	1.8	2.9
Income Before Fixed Charges	21.7	22.3	20.9
Fixed Charges	23.0	14.2	27.9
Income Before Income Taxes	−0.6	5.7	−6.8
Reserve for Capital	**	2.5	**

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Region III
Currency Conversion Tables
1987 vs. 1986 Percentage of Change
North America

	1986 Factor [$US/(x)]	1987 Factor [$US/(x)]	Percentage of Change
Subregion 1—Canada			
Canada	0.71902	0.756543	5.2
Subregion 2—United States			
United States	1.00000	1.00000	0

Source: *International Financial Statistics.*

REGION IV: EUROPE

Overview

European hotels, separated into the subregions of Continental Europe, Scandinavia and the United Kingdom (U.K.), are presented in this section of the study. Occupancy rates for the entire region rose to 64.9 percent in 1987, up from 62.8 percent in 1986. The rise in occupancy follows a disappointing 1986 when occupancy rates declined due to a troublesome string of events in and around Europe, including international terrorist incidents and the Chernobyl (USSR) nuclear reactor disaster. The hotel market in 1987 recovered due, in part, to a faster than expected return of the U.S. market and significant increases in visitors from Latin American countries and Japan. Increased number of air links and the continued low price of oil also had positive effects on the hotel industry.

Exhibit IV-2 presents an outline of highlights in the region, while Exhibit IV-1 gives the reader an important profile of the contributors.

Chart 8 (page 58) presents source and distribution of the hotel industry dollar. Room revenue provided more than half of all revenue for European hotels, followed by food sales. Little change occurred on the revenue side from 1985. On the expenditure side, income before income taxes rose slightly as employee payroll and departmental expenses declined from their 1986 levels.

Market data, on a regional and subregional level, is presented in Exhibit IV-3. Hotel guests in Continental European hotels were primarily from foreign sources due, in part, to it's close proximity

Exhibit IV-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency
Europe

Criteria	Category of Typical Contributor
Age	Built after 1965
Size	125–250 rooms
Occupancy	60%–70%
Average Rate	$55–$85
Sales Volume	Between $3 million–$10 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 60% and 80% of room sales
Location	Urban
Market	Business, tourists
Rating	First class
Management	Chain affiliated

Exhibit IV-2
Highlights*
Europe

- Total revenue increased 20 percent on a per room basis, the largest regional increase.
- Room occupancies increased 3.3 percent to 64.9 percent.
- The average daily rate per occupied room was $64.72, an increase of 14.5 percent from 1986.

*Based on medians.

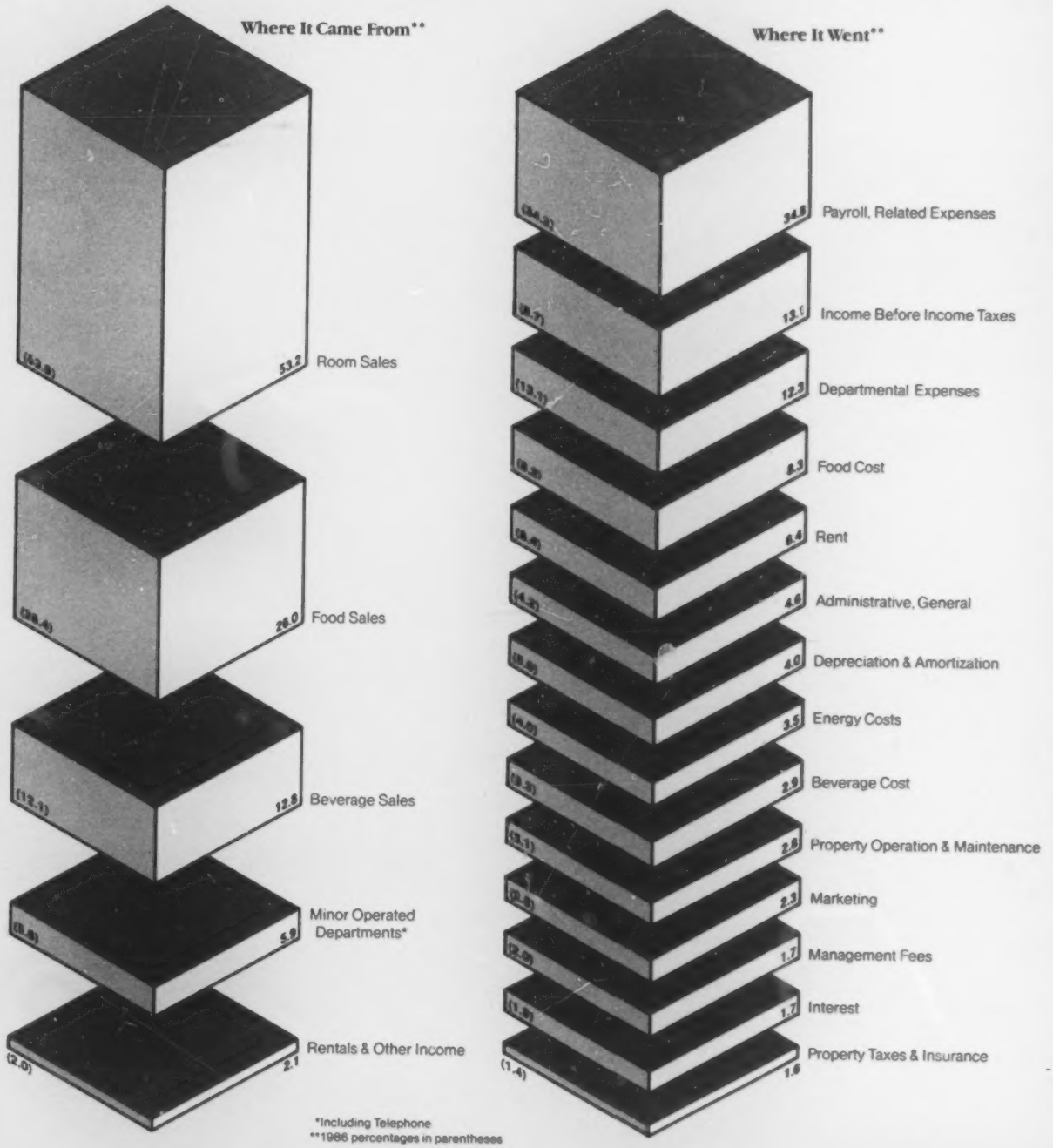
Exhibit IV-3
Market Data*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Source of Business				
Domestic	47.3%	36.1%	73.2%	61.8%
Foreign	52.7	63.9	26.8	38.2
Percentage of Repeat Business	36.0	34.5	19.8	42.0
Composition of Market				
Government Officials	2.5	2.8	1.6	1.6
Business Travelers	39.8	37.1	44.6	47.6
Tourists (Individual)	24.2	23.7	28.0	19.5
Group Tours	12.2	13.0	11.0	11.9
Conference Participants	12.3	11.5	14.1	12.3
Other	9.0	11.9	0.7	7.1
Percentage of Advanced Reservations	88.9	88.5	98.0	90.3
Composition of Advance Reservations				
Direct	39.7	40.1	38.5	39.7
Own Reservation	12.3	12.4	13.3	16.6
Independent Reservation	7.5	6.7	5.3	8.9
Travel Agents & Tour Operators	28.4	28.3	37.0	26.4
Other	12.1	12.5	5.9	8.4
Method of Payment for Hotel Services				
Cash Sales	26.6	28.3	19.5	26.0
Credit Card Sales	35.4	33.9	39.8	38.3
All Other Credit Sales	38.0	37.8	40.7	35.7

*Arithmetic mean.

Chart 8

Europe
Percentage Distribution of Revenue and Expenses



*Including Telephone
**1986 percentages in parentheses

to other countries, while in both Scandinavia and the U.K. the majority of hotel guests originated from domestic sources. Business travelers were the largest market segment for all three subregions; however, tourists contributed a significant portion of total hotel guests throughout the region. The nationalities of guests in European hotels are listed in Exhibit IV-4.

Performance measurements

Total sales and income comparisons for properties surveyed in Europe are presented in Exhibit IV-5. All three subregions had increases in median total sales per available room, with U.K. properties showing the most significant increase. Properties in all three subregions had increases in income before fixed charges. In analyzing the dollar amount figures refer to the appendix at the end of the section for currency exchange values, which play a significant role in the amount of increases or decreases.

Exhibit IV-4
Nationality of Guests—1987*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
American	11.7%	14.0%	3.2%	17.3%
Australasian	0.6	0.7	**	1.1
British	11.8	9.1	2.0	60.4
Canadian	1.2	1.6	0.2	1.9
Caribbean	0.1	0.1	**	0.1
Central American	0.3	0.5	**	0.2
French	5.0	7.2	0.7	2.0
German	18.6	27.1	2.6	2.3
Italian	3.9	5.6	0.7	1.4
Japanese	3.2	4.1	0.4	2.4
Middle Eastern	1.6	2.1	0.1	2.1
Mexican	0.3	0.4	**	0.1
North African	0.4	0.6	**	0.3
Other African	1.2	1.3	1.1	0.5
Scandinavian	24.8	4.3	85.9	2.3
Other European	12.0	16.5	3.0	4.2
Other Asian	2.2	3.2	0.1	1.1
South American	1.1	1.6	**	0.3

*Arithmetic mean.
**Less than 0.05 percent.

Exhibit IV-5
Comparison of Sales and Profitability*
Europe

	Total Region		Continental Europe		Scandinavia		United Kingdom	
	1987	1986	1987	1986	1987	1986	1987	1986
Amounts Per Available Room								
Total Sales	$31,021	$25,844	$32,955	$26,943	$31,447	$27,683	$30,462	$24,694
Income Before Fixed Charges	9,099	6,811	7,856	5,980	7,564	7,329	10,549	7,742
Net Income**	$ 4,563	$ 2,553	$ 2,432	$ 1,046	$ 2,205	$ 2,310	$ 7,453	$ 5,389
Ratio of Income Before Fixed Charges								
Room Sales	54.5%	48.3%	45.1%	41.0%	53.5%	52.1%	71.2%	64.1%
Total Sales	27.4	24.8	24.2	20.7	24.4	26.2	33.4	30.4
Number of Times Average Rate Was Earned	128	114	105	93	113	115	170	154
Increase (Decrease)	12.3%		12.9%		(1.7)%		10.4%	

*All figures are medians.
**Before income tax.

Occupancy and average rate

Room occupancies for the region increased 3.3 percent in 1987 to 64.9 percent. Continental Europe registered the largest increase in occupancy rates among the subregions, while Scandinavian properties indicated a decline in rates from 1986. Average daily rates per occupied room grew in all three regions as did the amount received per guest. Details are provided in Exhibit IV-6.

Chart 9 illustrates occupancy rates for the subregions during the past two years.

Use of technology and guest services

Exhibit IV-7 presents the percentage of hotels that utilize different technologies. Over three-quarters of properties surveyed use computerized systems. One in four European hotels have now installed computerized energy management systems and electronic card key systems. The use of both features are up significantly over the percent of hotels utilizing these systems during 1986.

Exhibit IV-8 presents the different types of guest services offered by hotels in this region.

Exhibit IV-6
Occupancy, Double Occupancy, Room Rates*
Europe

	Total Region		Continental Europe		Scandinavia		United Kingdom	
	1987	1986	1987	1986	1987	1986	1987	1986
Annual Room Occupancy	64.9%	62.8%	65.2%	62.2%	60.7%	67.3%	65.7%	63.5%
Number of Guests Per Room	1.34	1.33	1.37	1.34	1.31	1.33	1.35	1.30
Average Daily Rate								
Per Room (U.S. Dollars)	$64.72	$56.53	$75.36	$67.15	$64.80	$59.12	$58.47	$48.74
Per Guest (U.S. Dollars)	51.58	45.05	56.31	51.20	49.84	45.29	43.89	36.27

*All figures are medians.

Chart 9
Region IV: Europe
Occupancy Rates
1987 vs. 1986

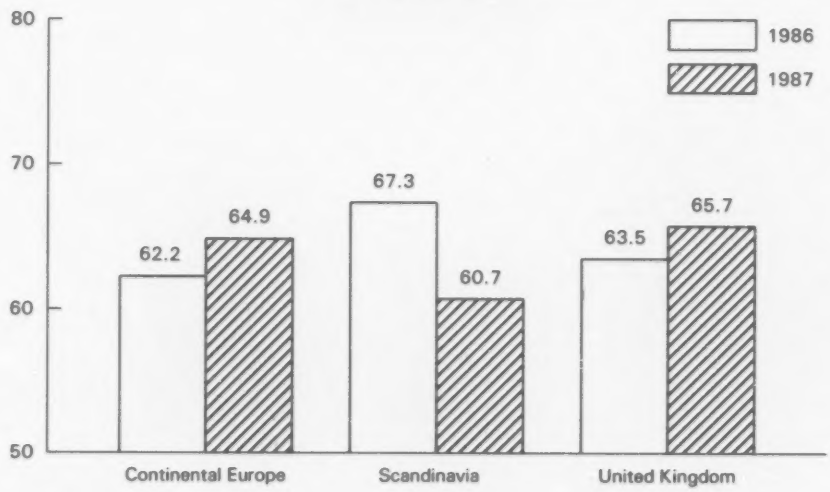


Exhibit IV-7
Percentage of Hotels Utilizing Various Technologies*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Computerized Reservation System	71.3%	71.1%	83.3%	66.7%
Computerized Guest Accounting	79.8	76.1	100.0	91.7
Computerized Accounting System (General Ledger)	81.0	81.7	83.3	75.0
Computerized Energy Management System	24.2	21.1	50.0	29.2
Automatic Checkout Machines	20.8	25.3	**	4.2
Electronic Card Key System	25.8	23.2	25.0	41.7
Direct Dialing for International Telephone Calls	97.2	97.2	100.0	95.8
Least Cost Routing for Guest Telephone Calls	26.4	29.6	33.3	4.2
Point of Sales Terminals for Food & Beverage Outlets	60.7	62.7	58.3	50.0
Fire Detectors (Heat or Smoke)	89.9	88.7	91.7	95.8
Microcomputers Available for Guest Use	11.2	10.6	16.7	12.5

*Based on hotels supplying data.
**Insufficient response.

Exhibit IV-8
Percentage of Hotels Offering Various Guest Services*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Airport Transportation	41.0%	38.0%	33.3%	62.5%
Audio-Visual Equipment	86.5	83.0	98.0	95.8
Auto Rental Services	81.5	84.5	75.0	66.7
Concierge Services	89.9	91.6	98.0	75.0
Health Club Facilities	59.0	62.0	66.7	37.5
Multilingual Staff	79.9	82.4	91.7	58.3

*Based on hotels supplying data.

Exhibit IV-9
Composition of Sales*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Rooms	51.8%	55.1%	50.5%	47.0%
Food	27.9	26.3	25.5	31.6
Beverage	13.5	10.7	17.4	16.2
Telephone	3.2	4.4	3.0	1.9
Minor Operated Departments	1.6	1.7	2.8	1.2
Rentals & Other Income	2.0	1.8	0.8	2.1
Total	100.0%	100.0%	100.0%	100.0%

*Arithmetic mean.

Analysis of sales

Room sales were the largest source of revenue for all three subregions. The U.K. recorded a larger dependence on food and beverage operations than in the other regions, while Continental European hotels indicated a much higher percentage of revenue from the telephone department (Exhibit IV-9).

Summary

The following exhibits provide information on ratios to total sales, ratio to room sales, amounts per available room and food and beverage statistics. The results are broken down by department type and reported in medians. It is important to note that columns of median numbers cannot be totaled using indices. Each line item should be analyzed separately.

Exhibit IV-10
Telephone and Minor Operated Departments*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Telephone				
Amount Per Room				
Sales	$906	$1,364	$781	$690
Cost of Calls	583	735	466	370
Equipment Rental	115	94	84	150
Total	608	781	434	500
Payroll & Related Expenses	195	206	270	153
All Other Expenses	14	13	14	11
Total Cost & Expenses	672	955	434	525
Net Departmental	$350	$396	$692	$175
Ratio to Total Sales				
Sales				
Cost of Sales	1.9%	2.2%	1.7%	1.6%
Payroll & Related Expenses	0.6	0.6	0.7	0.5
Minor Operated Departments				
Amount Per Room				
Sales	$524	$449	$685	$471
Cost of Sales	152	162	57	201
Payroll & Related Expenses	210	164	317	272
Other Expenses	65	28	441	58
Total Costs & Expenses	372	325	610	290
Net Departmental Income	$145	$148	$146	$118
Ratio to Total Sales				
Sales	1.4%	1.3%	2.4%	1.4%
Cost of Sales	0.5	0.4	0.2	0.5
Payroll & Related Expenses	0.6	0.4	1.0	0.6
Rentals & Other Income				
Amount Per Available Room				
Space Rentals	$195	$199	$ 82	$168
Concessions	69	104	440	49
Commissions	37	31	15	73
Other	245	263	111	278
Total Rentals & Other Income	$510	$488	$165	$511
Ratio to Total Sales	1.6%	1.5%	0.6%	1.6%

*All figures are medians and do not necessarily add to totals shown.

Exhibit IV-11
Food and Beverage Statistics*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$5,486	$5,393	$ 6,102	$6,493
Room Service	857	857	494	1,022
Banquet	2,403	2,334	2,744	1,842
Bar/Lounge	216	188	**	375
Total	$8,609	$8,168	$ 8,469	$9,637
Ratio to Total Sales				
Dining Room	59.8%	60.5%	58.4%	63.0%
Room Service	10.5	10.8	5.5	9.4
Banquet	27.6	27.9	31.9	23.2
Bar/Lounge	2.3%	2.1%	**	4.9%
Amount Per Seat				
Dining Room	$6,871	$6,806	$10,430	$7,419
Banquet	1,049	1,043	1,046	1,214
Bar/Lounge	650	649	**	1,014
Total	$2,893	$2,757	$ 3,795	$2,885
Average Check				
Dining Room	$13.76	$14.00	$ 12.49	$14.81
Room Service	9.40	9.71	6.16	8.01
Banquet	18.47	18.48	18.53	16.42
Total	$13.88	$13.86	$ 14.12	$14.65
Covers Served Per Seat				
Dining Room	$ 472	$ 472	$ 469	$ 393
Banquet	67	69	45	59

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

(*continued on next page*)

Exhibit IV-11 (continued)
Food and Beverage Statistics*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Room Service Sales				
Per Occupied Room				
Food	$ 3.65	$ 3.77	$ 2.09	$ 3.73
Beverage	.94	.85	.74	1.09
Total	$ 4.58	$ 4.30	$ 2.95	$ 4.61
Per Guest				
Food	$ 2.83	$ 2.90	$ **	$ 2.81
Beverage	.64	.64	**	.78
Total	$ 3.37	$ 3.34	$ **	$ 3.51
Beverage Sales—By Facility				
Amount Per Available Room				
Dining Room	$1,310	$1,247	$1,955	$1,054
Room Service	203	193	167	282
Banquet	1,084	1,032	1,189	1,047
Bar/Lounge	1,261	1,191	2,229	1,948
Total	$4,073	$3,610	$5,949	$4,728
Ratio to Total Beverage Sales				
Dining Room	32.3%	31.9%	36.0%	27.3%
Room Service	5.6	5.3	2.2	6.3
Banquet	25.9	26.4	27.1	21.4
Bar/Lounge	33.4	32.5	34.4	41.8
Ratio to Food Sales				
Dining Room	25.5	25.2	35.9	18.1
Room Service	25.6	19.8	31.6	36.4
Banquet	45.4	44.7	48.7	47.2
Total (Including Bar/ Lounge)	47.3%	44.3%	66.4%	47.4%
Amount Per Seat				
Dining Room	$1,600	$1,589	$3,131	$1,508
Banquet	457	485	370	520
Bar/Lounge	4,273	3,870	7,926	4,018
Total	$1,360	$1,120	$2,512	$1,355

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit IV-12
Employment Statistics*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Employment Statistics				
Sales Per Employee				
Rooms	$82,376	$82,526	$90,120	$73,493
Food & Beverage	39,248	39,238	53,926	39,757
Telephone	114,386	115,482	112,433	93,095
Minor Departments	44,106	44,500	56,988	40,331
Total Sales Per Employee	$52,600	$49,656	$65,102	$52,208
Number of Full-Time Equivalent Employees Per 100 Available Rooms				
Rooms	9.7	9.7	7.8	9.3
Housekeeping	12.7	12.5	11.2	14.4
Food & Beverage	34.1	33.5	28.2	39.7
Telephone	1.5	1.5	1.1	1.6
Minor Operated Departments	1.9	1.9	0.7	3.8
Administrative & General	7.4	7.1	5.8	8.5
Marketing				
Sales	1.4	1.4	1.1	1.4
Other Marketing	0.5	0.6	**	0.4
Property Operation & Maintenance	3.7	3.9	2.5	3.2
Other	3.8	3.8	**	3.6
Total	72.8	74.3	52.3	81.7

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit IV-13
Analysis of Undistributed Operating Expenses*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Administrative & General				
Cost Per Available Room				
Payroll & Related Expenses	$1,487	$1,784	$1,245	$1,426
Other	1,462	1,413	1,031	1,577
Total	$2,876	$3,131	$2,126	$2,967
Ratio to:				
Room Sales	17.3%	17.0%	16.7%	20.4%
Total Sales—1987	9.1	9.5	7.9	9.5
Total Sales—1986	9.0	9.2	7.8	9.3
Increase (Decrease)	1.1	3.3	1.3	2.2
Marketing				
Cost Per Available Room				
Payroll & Related Expenses	$ 387	$ 401	$ 293	$ 247
Other	811	920	923	634
Total	$ 976	$1,327	$1,157	$ 706
Ratio to:				
Room Sales	5.9%	6.7%	8.3%	5.0%
Total Sales—1987	3.1	3.6	3.8	2.3
Total Sales—1986	3.4	4.0	2.1	2.5
Increase (Decrease)	(8.8)	(10.0)	81.0	(8.0)
Energy Costs				
Cost Per Available Room	$1,101	$1,370	$ 941	$1,026
Ratio to:				
Room Sales	7.3%	7.5%	6.0%	7.6%
Total Sales—1987	3.6	4.1	2.9	3.4
Total Sales—1986	4.1	4.5	2.6	3.7
Increase (Decrease)	(12.2)	(8.9)	11.5	(8.1)
Property Operation & Maintenance				
Cost Per Available Room				
Payroll & Related Expenses	$ 538	$ 717	$ 439	$ 344
Other	747	958	386	661
Total	$1,087	$1,755	$ 448	$ 924
Ratio to:				
Room Sales	7.2%	9.9%	3.2%	6.7%
Total Sales—1987	3.6	5.4	1.4	3.2
Total Sales—1986	4.5	5.3	1.8	3.7
Increase (Decrease)	(20.0)	18.8	(22.2)	(13.5)

*All figures are medians and do not necessarily add to totals shown.

Exhibit IV-14
Credit Card Sales*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
American Express	48%	49%	41%	42%
VISA	20	20	13	24
MasterCard	14	12	37	20
Diner's Club	14	14	9	9
Other	4	5	0	5

*Arithmetic mean.

Exhibit IV-15
Fixed Charges*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Rent	$2,414	$4,028	$4,319	$ 317
Property Taxes	640	297	82	807
Property Insurance	134	134	**	141
Interest	384	388	**	697
Depreciation	1,267	1,859	**	1,033
Leased Equipment	325	233	424	187
Total Fixed Charges	$3,823	$4,985	$4,782	$2,462
Ratio to Total Sales	11.2%	16.5%	15.7%	7.7%

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit IV-16
Amount Per Available Room*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Average Annual Occupancy	64.9%	65.2%	60.7%	65.7%
Average Annual Room Rate	$64.72	$75.36	$64.80	$58.47
Revenues				
Rooms	$15,433	$18,167	$13,231	$13,857
Food	8,609	8,168	8,463	9,638
Beverage	4,033	3,595	5,949	4,728
Other Food & Beverage	557	414	352	635
Telephone	831	1,350	781	690
Minor Operated	523	352	653	471
Rentals & Other Income	450	449	152	511
Total	31,021	32,955	31,447	30,462
Department Expenses				
Rooms	4,645	5,307	4,669	3,658
Food & Beverage	10,269	10,432	13,724	9,939
Telephone	560	955	434	437
Minor Operated	163	254	455	25
Total	16,030	17,233	18,992	14,316
Department Profit				
Rooms	10,817	12,894	8,549	10,131
Food & Beverages	2,783	1,995	1,404	4,251
Telephone	290	396	692	74
Minor Operated	42	108	139	175
Rentals & Other Income	450	449	152	461
Total	15,532	16,086	11,733	16,230
Undistributed Operating Expenses				
Administrative & General	2,872	3,135	2,126	2,967
Marketing	976	1,327	1,157	706
Energy Costs	1,101	1,370	935	1,022
Property Operations	1,071	1,750	438	923
Total	5,867	7,879	4,165	5,596
Income Before Management Fees	9,393	8,730	7,564	10,669
Management Fees	1,283	1,201	909	1,368
Income Before Fixed Charges	9,099	7,856	7,564	10,549
Fixed Charges	3,823	4,985	4,782	2,462
Income Before Income Taxes	4,528	2,416	2,205	7,453
Reserve for Capital Replacement	1,352	1,230	1,492	618

*All figures are medians and do not necessarily add to totals shown.

Exhibit IV-17
Ratio to Total Sales*
Europe

	Total Region	Continental Europe	Scandinavia	United Kingdom
Average Annual Occupancy	64.9%	65.2%	60.7%	65.7%
Average Annual Room Rate	$64.72	$75.36	$64.80	$58.47
Revenue				
Rooms	50.9%	55.0%	46.3%	46.5%
Food	27.0	24.1	25.6	31.2
Beverage	12.6	10.5	18.1	15.4
Other Food & Beverage	1.4	1.3	0.7	1.5
Telephone	2.8	3.9	2.7	1.9
Minor Operated	0.9	1.1	2.1	0.2
Rentals & Other Income	1.4	1.4	0.5	1.4
Total	100.0	100.0	100.0	100.0
Department Expenses				
Rooms	14.8	15.6	17.0	12.0
Food & Beverage	31.8	31.2	40.3	33.0
Telephone	1.9	2.9	1.3	1.5
Minor Operated	0.5	0.8	1.9	0.1
Total	50.9	52.1	61.2	47.5
Department Profit				
Rooms	36.9	38.7	29.0	33.9
Food & Beverages	8.1	7.0	4.7	15.4
Telephone	1.0	1.2	2.1	0.2
Minor Operated	0.2	0.3	0.6	0.3
Rentals & Other Income	1.4	1.4	0.5	1.4
Total	49.2	48.3	38.8	52.8
Undistributed Operating Expenses				
Administrative & General	9.1	9.5	7.9	9.5
Marketing	3.1	3.6	3.8	2.3
Energy Costs	3.6	4.1	2.9	3.4
Property Operations	3.6	5.4	1.3	3.2
Total Undistributed	18.8	22.6	13.3	17.8
Income Before Management Fees	28.5	25.9	25.4	34.2
Management Fees	3.6	3.5	2.9	3.6
Income Before Fixed Charges	27.4	24.2	24.4	33.4
Fixed Charges	10.7	14.0	15.5	7.7
Income Before Income Taxes	14.6	6.7	6.8	23.3
Reserve for Capital	2.9	2.7	3.0	2.4

*All figures are medians and do not necessarily add to totals shown.

Region IV
Currency Conversion Tables
1987 vs. 1986 Percentage of Change
Europe

	1986 Factor [$US/(x)]	1987 Factor [$US/(x)]	Percentage of Change
Subregion 1—Continental Europe			
Austria	0.06643	0.080018	20.5
Belgium	0.02268	0.027100	19.5
France	0.14608	0.168266	15.2
Germany	0.46748	0.563512	20.5
Greece	0.00717	0.007439	3.8
Italy	0.00068	0.000778	14.4
Luxembourg	0.02258	0.027100	20.0
Monaco	*	*	*
Netherlands	0.41451	N/A	N/A
Portugal	0.00671	0.007149	6.5
Switzerland	0.56528	0.680757	20.4
Subregion 2—Scandinavia			
Denmark	0.12401	0.062531	(49.6)
Finland	0.19846	0.229862	15.8
Iceland	0.02434	0.026098	7.2
Norway	0.13564	0.149550	10.3
Sweden	0.14125	0.159005	12.6
Subregion 3—United Kingdom			
Ireland	1.35142	1.501283	11.1
United Kingdom	1.47109	1.653775	12.4

Source: *International Financial Statistics.*
*Reported in U.S. Dollars. Conversion factor not available.
N/A—Not available.

REGION V: LATIN AMERICA/CARIBBEAN

Overview

This section presents data for the Latin America/Caribbean region, which includes the subregions of Mexico, South America and the Caribbean. Occupancy rates for the entire region rose 8.5 percent to 68.8 percent in 1987. The reasons for this increase include Mexico receiving a significant portion of the U.S. market, and the improvements in the destination market throughout the Caribbean, particularly Puerto Rico and the Dominican Republic.

Exhibit V-2 presents overall operating highlights, while Exhibit V-1 presents a profile of the typical contributor from this region.

The source and distribution of the Latin American/Caribbean hotel industry dollar is illustrated in Chart 10 (page 72). Room revenue comprised over one-half of all hotel revenue, followed by food revenue. On the expenditure side, employee payroll and departmental expenses comprised more than half of all hotel spending.

Exhibit V-3 presents Latin American/Caribbean market data for the participating hotels. The majority of hotel guests came from foreign sources, particularly for Caribbean properties which reported that 84.3 percent of all hotel guests were foreign nationals. Tourists represented over half of all hotel arrivals. The percent-

Exhibit V-1
General Profile of Typical Contributor Based on Various Measures of Central Tendency
Latin America/Caribbean

Criteria	Category of Typical Contributor
Age	Built after 1975
Size	175–300 rooms
Occupancy	80%–75%
Average Rate	$30–$60
Sales Volume	Between $2 million–$7 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 60% and 80% of room sales.
Location	Mostly resort and urban
Market	Tourists
Rating	First class
Management	Chain affiliated

Exhibit V-2
Highlights*
Latin America/Caribbean

- Total revenue decreased 19.8 percent on a per room basis, primarily due to currency exchange rates.
- Room occupancies increased 8.5 percent to 68.8 percent compared with 63.4 percent in 1986.
- The average daily rate per occupied room was $42.68 compared with $55.57 in 1986.

*Based on medians.

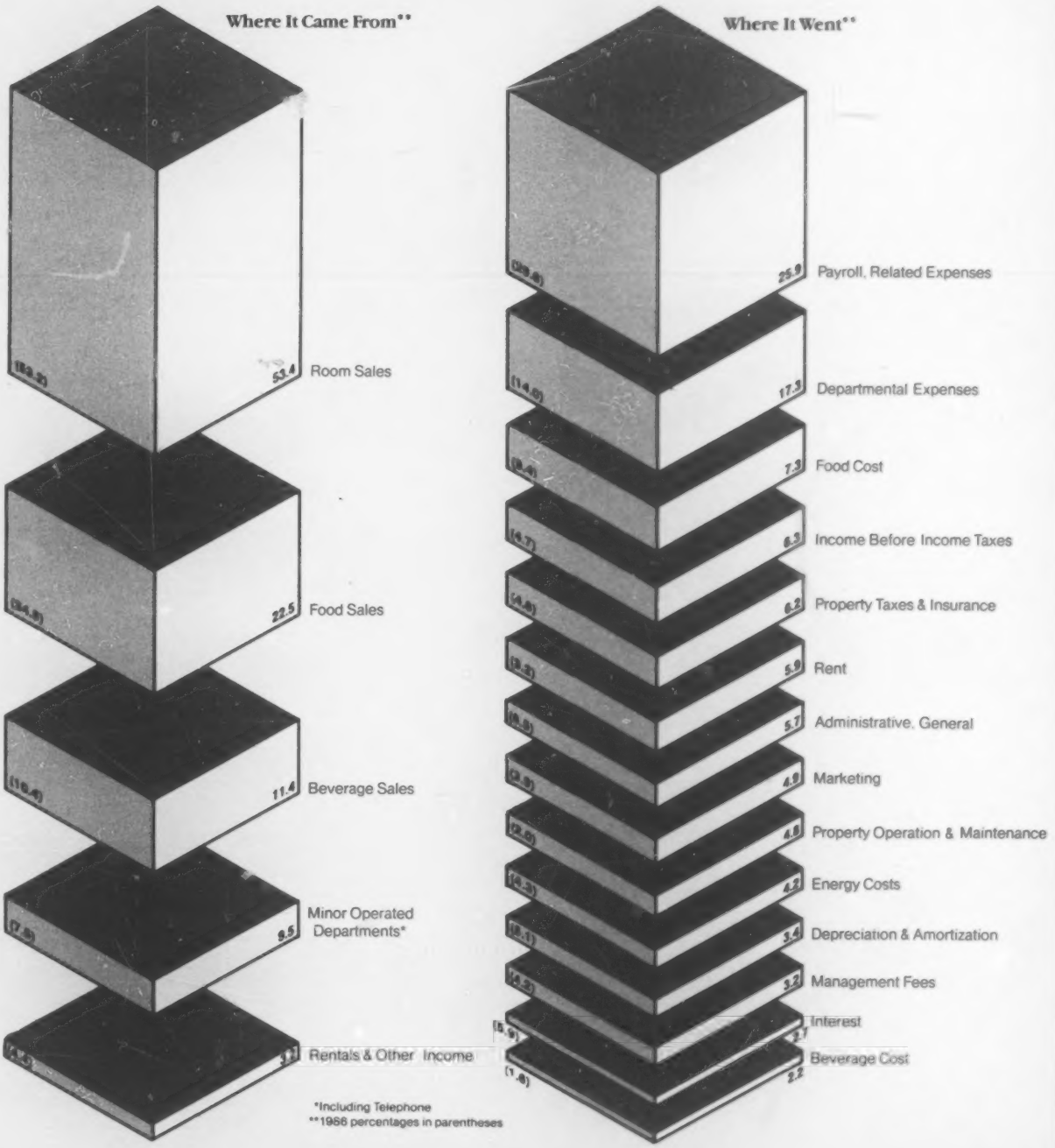
Exhibit V-3
Market Data*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Source of Business				
Domestic	38.8%	45.0%	15.7%	48.4%
Foreign	61.2	55.0	84.3	51.6
Percentage of Repeat Business	26.6	26.6	25.5	27.3
Composition of Market				
Government Officials	2.9	3.7	2.5	1.3
Business Travelers	28.1	20.7	18.8	45.0
Tourists (individual)	34.2	41.2	35.4	24.4
Group Tours	21.3	18.0	35.1	14.3
Conference Participants	7.6	7.3	4.7	10.5
Other	5.9	9.1	2.5	4.5
Percentage of Advance Reservations	76.3	69.6	86.7	74.3
Composition of Advance Reservations				
Direct	23.8	21.3	16.0	33.4
Own Reservation	21.5	26.1	12.2	23.0
Independent Reservation	4.8	4.3	3.1	6.9
Travel Agents & Tour Operators	40.7	38.6	57.9	29.4
Other	9.2	9.7	10.8	7.3
Method of Payment for Hotel Services				
Cash Sales	30.4	27.4	39.4	26.5
Credit Card Sales	38.6	39.2	34.0	41.7
All Other Credit Sales	31.0	33.4	26.6	31.8

*Arithmetic mean.

Chart 10

Latin America/Caribbean
Percentage Distribution of Revenue and Expenses



*Including Telephone
**1966 percentages in parentheses

age of repeat business in this region is relatively low, 26.6 percent when compared with other regions. However, this fact is not surprising since many hotels in this region are resort destinations for tourists rather than business travelers who provided the bulk of repeat business. Individual guest nationality information is presented in Exhibit V-4.

Performance measurements

Exhibit V-5 details data for total sales, income before fixed charges and income to room and total sales ratios for Latin American/Caribbean properties. Comparison data also is provided for 1986. The reader again is advised to consider currency exchange rates when comparing information between years.

Exhibit V-4
Nationality of Guests—1987*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
American	38.5%	46.7%	46.7%	21.6%
Australasian	0.2	0.1	0.2	0.3
British	1.3	0.2	1.6	2.3
Canadian	11.0	8.4	21.7	5.8
Caribbean	3.6	0.1	7.6	4.5
Central American	1.8	0.6	2.1	3.1
French	3.3	0.3	5.1	5.4
German	3.0	0.4	1.4	7.2
Italian	2.3	0.4	3.9	3.4
Japanese	1.2	0.3	0.7	2.7
Middle Eastern	0.1	0.1	0.1	0.2
Mexican	16.6	39.8	0.8	1.7
North African	**	**	0.1	**
Other African	0.8	0.2	0.1	2.0
Scandinavian	0.2	**	0.1	0.4
Other European	4.5	1.6	3.6	8.6
Other Asian	0.3	0.0	0.2	0.8
South American	11.6	0.8	4.0	30.0

*Arithmetic mean.
**Less than 0.05 precent.

Exhibit V-5
Comparison of Sales and Profitability*
Latin America/Caribbean

	Total Region		Mexico		Caribbean		South America	
	1987	1986	1987	1986	1987	1986	1987	1986
Amounts Per Available Room								
Total Sales	$20,518	$25,582	$14,664	N/A	$22,736	$33,228	$24,748	$22,255
Income Before Fixed Charges	4,486	5,690	5,673	N/A	3,667	4,193	5,044	5,790
Net Income**	$ 2,038	$ 2,452	$ 2,179	N/A	$ 2,210	$ 637	$ 1,417	$ 2,235
Ratio of Income Before Fixed Charges								
Room Sales	47.9%	44.5%	62.3%	N/A	34.1%	23.5%	40.3%	57.0%
Total Sales	28.7	25.1	33.1	N/A	15.6	11.4	21.7	30.6
Number of Times Average Rate Was Earned	123	118	148	N/A	94	64	108	133
Increase (Decrease)	4.2%		N/A		46.9%		(18.8)%	

*All figures are medians.
**Before income tax.
N/A—Not available.

Occupancy and average rate

Latin American/Caribbean occupancy rates increased 8.5 percent during 1987. Caribbean properties indicated substantial increases in occupancies, while South American hotels indicated a slight increase. Average daily rate indicated a large decrease from 1986. However, exchange rate fluctuations account for some of this decline. These figures are illustrated in Exhibit V-6.

Chart 11 illustrates occupancy rates during the past two years for the subregions.

Use of technology and guest services

Exhibit V-7 highlights the percentage of Latin American hotels using different technologies. This region has trailed the other four regions in installing technological advances. However, during 1987 the percentages of hotels utilizing these technologies increased dramatically. For example, 56.8 percent of the properties surveyed have computerized reservations systems, up from only 42 percent last year. Other substantial increases occurred in computerized energy management systems and accounting systems.

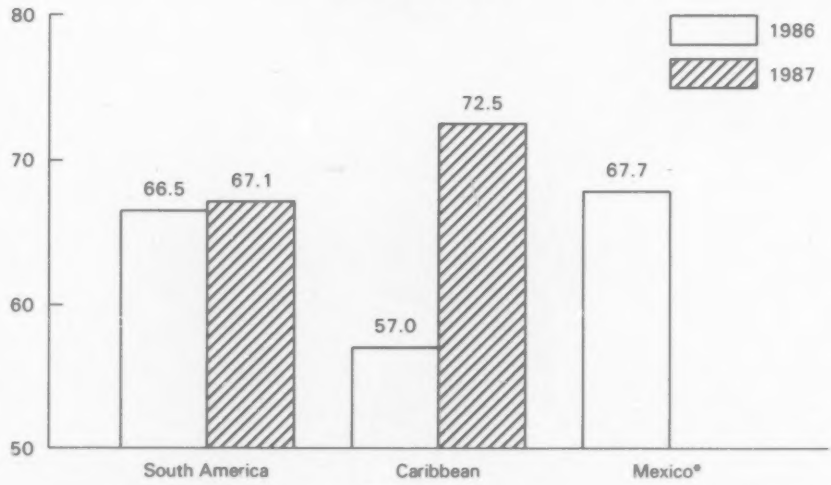
Exhibit V-8 presents the percentage of hotels offering different types of guest services.

Exhibit V-6
Occupancy, Double Occupancy, Room Rates*
Latin America/Caribbean

	Total Region		Mexico		Caribbean		South America	
	1987	1986	1987	1986	1987	1986	1987	1986
Annual Room Occupancy	68.8%	63.4%	67.7%	N/A	72.5%	57.0%	67.1%	66.5%
Number of Guests Per Room	1.86	1.70	1.92	N/A	1.90	1.90	1.64	1.51
Average Daily Rate								
Per Room (U.S. Dollars)	$42.68	$55.57	$35.31	N/A	$33.86	$76.37	$46.02	$43.14
Per Guest (U.S. Dollars)	28.98	39.43	20;93	N/A	28.57	44.47	34.12	35.46

*All figures are medians
N/A—Not available.

Chart 11
Region V: Latin America/Caribbean
Occupancy Rates
1987 vs. 1986



Figures not available for Mexico in 1986.

Exhibit V-7
Percentage of Hotels Utilizing Various Technologies*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Computerized Reservation System	56.8%	79.3%	42.1	42.3%
Computerized Guest Accounting	43.2	41.4	47.4	42.3
Computerized Accounting System (General Ledger)	71.6	69.0	68.4	76.9
Computerized Energy Management System	12.2	13.8	21.0	3.8
Automatic Checkout Machines	23.0	27.6	15.8	23.1
Electronic Card Key System	6.8	**	15.8	7.7
Direct Dialing for International Telephone Calls	45.9	20.7	42.1	77.0
Least Cost Routing for Guest Telephone Calls	28.4	31.0	36.8	19.2
Point of Sales Terminals for Food & Beverage Outlets	29.7	27.6	42.1	23.1
Fire Detectors (Heat or Smoke)	56.8	65.5	36.8	61.5
Microcomputers Available for Guest Use	6.6	**	10.5	11.5

*Based on hotels supplying data.
**Insufficient response.

Exhibit V-8
Percentage of Hotels Offering Various Guest Services*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Airport Transportation	41.1%	37.9%	44.4%	42.3%
Audio-Visual Equipment	87.7	82.8	88.9	92.3
Auto Rental Services	93.2	93.1	88.9	96.2
Concierge Services	84.9	86.2	76.2	92.3
Health Club Facilities	46.6	34.5	50.0	57.7
Multilingual Staff	71.2	62.1	50.0	96.2

*Based on hotels supplying data.

Exhibit V-9
Composition of Sales*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Rooms	55.5%	59.7%	54.4%	51.8%
Food	23.0	19.5	24.2	25.8
Beverage	11.4	12.3	10.3	11.1
Telephone	4.0	3.2	3.2	5.4
Minor Departments	2.9	1.4	4.7	3.3
Rentals & Other Income	3.2	3.9	3.2	2.6
Total	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Analysis of sales

Room sales provided more than half the revenue for hotels in this region, with food and beverage sales accounting for another one-third of all sales. This is consistent with other regions throughout the world. Exhibit V-9 outlines this data.

Summary

The following exhibits provide information on ratios to total sales, amounts per available room and food and beverage statistics. The results are broken down by department type and reported in medians. It is important to note that columns of median numbers cannot be totaled, rather each line item should be analyzed separately.

Exhibit V-10
Telephone and Minor Operated Departments*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Telephone				
Amount Per Room				
Sales	$674	$545	$681	$1,007
Cost of Calls	399	253	534	893
Equipment Rental	40	23	122	46
Total	417	268	588	893
Payroll & Related Expenses	75	74	55	83
All Other Expenses	12	11	12	15
Total Cost & Expenses	511	376	599	1,059
Net Departmental Income	$ 80	$147	$ 47	$ 75
Ratio to Total Sales				
Sales	4.0%	3.7%	3.8%	5.0%
Cost of Sales	2.1	1.6	2.0	4.2
Payroll & Related Expenses	0.4	0.4	0.2	0.4
Minor Operated Departments				
Amount Per Room				
Sales	$273	$102	$379	$ 560
Cost of Sales	86	27	138	137
Payroll & Related Expenses	121	36	124	176
Other Expenses	52	14	97	127
Total Costs & Expenses	229	50	379	390
Net Departmental Income	$ 42	$ 34	$ 22	$ 129
Ratio to Total Sales				
Sales	1.7%	0.8%	1.7%	2.6%
Cost of Sales	0.4	0.2	0.4	0.7
Payroll & Related Expenses	0.6	0.2	0.7	0.9
Rentals & Other Income				
Amount Per Room				
Space Rentals	$ 77	$ 27	$ 87	$ 141
Concessions	110	65	356	348
Commissions	47	373	52	16
Other	449	600	339	459
Total Rentals & Other Income	$638	$505	$630	$ 690
Ratio to Total Sales	2.4%	2.5%	2.0%	2.6%

*All figures are medians and do not necessarily add to totals shown.

Exhibit V-11
Food and Beverage Statistics*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$2,448	$2,213	$4,090	$2,516
Room Service	424	281	460	517
Banquet	1,001	533	948	1,658
Bar/Lounge	112	90	112	122
Total	$4,141	$2,990	$5,397	$5,302
Ratio to Total Sales				
Dining Room	66.3%	74.1%	83.4%	53.9%
Room Service	8.9	7.4	5.7	11.4
Banquet	23.9	16.4	15.3	35.0
Bar/Lounge	2.4%	3.0%	1.1%	2.3%
Amount Per Seat				
Dining Room	$2,121	$1,864	$2,496	$2,159
Banquet	536	285	**	619
Bar/Lounge	156	35	**	192
Total	$ 916	$ 732	$3,292	$1,025
Average Check				
Dining Room	$ 5.30	$ 3.90	$ 9.02	$ 7.55
Room Service	3.97	3.01	6.20	5.20
Banquet	6.21	4.13	10.25	8.58
Total	$ 6.05	$ 4.11	$ 8.98	$ 8.43
Covers Served Per Seat				
Dining Room	269	216	227	320
Banquet	55	69	24	23

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

(continued on next page)

Exhibit V-11 (continued)
Food and Beverage Statistics*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Room Service Sales				
Per Occupied Room				
Food	$ 1.58	$ 1.09	$ 1.76	$ 2.61
Beverage	.47	.25	.37	.86
Total	$ 2.17	$ 1.64	$ 2.22	$ 3.23
Per Guest				
Food	$ 1.12	$ .72	$ 1.33	$ 1.74
Beverage	.33	.22	.28	.50
Total	$ 1.40	$ .96	$ 1.72	$ 2.11
Beverage Sales—By Facility				
Amount Per Available Room				
Dining Room	$ 656	$ 486	$1,212	$ 677
Room Service	113	69	106	167
Banquet	294	154	280	740
Bar/Lounge	1,177	1,304	973	1,082
Total	$2,427	$1,910	$2,554	$3,094
Ratio to Total Beverage Sales				
Dining Room	30.1%	22.8%	46.3%	30.4%
Room Service	4.0	2.6	2.2	5.9
Banquet	13.2	7.6	10.3	27.7
Bar/Lounge	50.8	64.4	47.0	34.1
Ratio to Food Sales				
Dining Room	24.0	22.2	25.5	26.9
Room Service	26.1	23.5	14.5	32.4
Banquet	32.9	30.0	29.1	46.4
Total (Including Bar/Lounge)	54.2%	61.4%	45.7%	53.0%
Amount Per Seat				
Dining Room	$ 519	$ 448	$1,119	$ 558
Banquet	161	81	**	231
Bar/Lounge	1,887	960	**	1,847
Total	$ 521	$ 444	$1,384	$ 528

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit V-12
Employment Statistics*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Employment Statistics				
Sales Per Employee				
Rooms	$32,227	$28,401	$29,175	$40,460
Food & Beverage	13,263	11,022	13,350	15,754
Telephone	27,255	22,704	29,934	41,561
Minor Departments	5,988	3,185	5,990	11,273
Total Sales Per Employee	$15,576	$13,165	$14,591	$18,160
Number of Full-Time Equivalent Employees Per 100 Available Rooms				
Rooms				
Front Desk	9.1	8.0	10.7	9.3
Housekeeping	21.2	22.9	22.9	17.0
Food & Beverage	49.3	51.4	48.8	48.4
Telephone	2.5	2.5	1.9	3.0
Minor Operated Departments	6.9	4.6	11.2	6.8
Administrative & General	14.5	15.1	16.0	12.8
Marketing				
Sales	2.6	3.2	1.6	2.6
Other Marketing	0.9	**	**	0.9
Property Operation & Maintenance	10.9	11.5	10.9	10.4
Other	5.6	6.4	5.1	4.7
Total	113.0	113.1	108.7	115.2

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit V-13
Analysis of Undistributed Operating Expenses*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Administrative & General				
Cost Per Available Room				
Payroll & Related Expenses	$ 824	$ 554	$1,029	$1,130
Other	1,269	1,183	1,382	1,462
Total	2,142	1,861	2,822	2,688
Ratio to:				
Room Sales	20.3%	18.2%	20.0%	22.9%
Total Sales—1987	11.0	10.6	10.0	11.8
Total Sales—1986	11.3	N/A	12.2	11.3
Increase (Decrease)	(2.6)	N/A	(18.0)	4.4
Marketing				
Cost Per Available Room				
Payroll & Related Expenses	$ 172	$ 152	$ 181	$ 227
Other	1,029	1,113	1,535	839
Total	1,219	1,229	1,727	1,066
Ratio to:				
Room Sales	9.9%	10.6%	11.1%	8.4%
Total Sales—1987	5.7	6.8	5.0	4.4
Total Sales—1986	5.1	N/A	6.5	4.1
Increase (Decrease)	11.8	N/A	(23.1)	(7.3)
Energy				
Cost Per Available Room	$ 826	$ 570	$1,910	$1,028
Ratio to:				
Room Sales	8.6%	6.4%	14.4%	9.8%
Total Sales—1987	4.3	3.6	8.2	4.2
Total Sales—1986	4.1	N/A	5.3	3.7
Increase (Decrease)	(4.9)	N/A	54.7	13.5
Property Operation & Maintenance				
Cost Per Available Room				
Payroll & Related Expenses	$ 400	$ 336	$ 486	$ 515
Other	814	583	1,170	900
Total	1,215	978	1,791	1,542
Ratio to:				
Room Sales	12.8%	12.0%	15.0%	14.8%
Total Sales—1987	7.0	6.3	7.5	7.0
Total Sales—1986	7.3	N/A	8.0	6.1
Increase (Decrease)	(4.1)	N/A	(6.3)	14.8

*All figures are medians and do not necessarily add to totals shown.
N/A—Not available.

Exhibit V-14
Credit Card Sales*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
American Express	42%	42%	45%	40%
VISA	22	19	29	22
Mastercard	11	9	16	7
Diner's Club	10	4	3	22
Other	15	26	7	9

*Arithmetic mean.

Exhibit V-15
Fixed Charges*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Rent	$2,402	$3,168	**	$1,738
Property Taxes	239	49	**	286
Property Insurance	150	156	156	128
Interest	326	462	269	323
Depreciation	590	62	661	977
Leased Equipment	447	789	**	727
Total Fixed Charges	$2,670	$3,163	$1,283	$2,843
Ratio to Total Sales	10.8%	18.5%	9.6%	11.5%

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit V-16
Amount Per Available Room*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Annual Average Occupancy	68.8%	67.7%	72.5%	67.1%
Average Annual Room Rate	$ 42.68	$ 35.31	$ 33.86	$ 46.02
Revenues				
Rooms	$ 9,229	$ 8,273	$ 8,508	$10,936
Food	205	205	205	205
Beverage	2,414	1,910	2,382	3,056
Other Food & Beverage	99	22	117	173
Telephone	662	527	483	1,007
Minor Operated	224	97	233	531
Rentals & Other Income	482	465	360	539
Total	20,350	14,664	22,094	24,748
Department Expenses				
Rooms	1,796	1,672	1,782	2,154
Food & Beverage	4,695	3,032	6,231	5,753
Telephone	493	374	478	1,053
Minor Operated	117	48	268	355
Total	7,361	5,111	8,882	10,594
Department Profit				
Rooms	7,490	6,834	6,717	8,979
Food & Beverage	1,962	2,051	1,365	2,209
Telephone	74	111	23	75
Minor Operated	36	33	4	93
Rentals & Other Income	482	465	360	539
Total	11,739	9,710	13,156	12,439
Undistributed Operating Expenses				
Administrative & General	2,113	1,862	2,567	2,688
Marketing	1,197	1,229	1,702	1,066
Energy Costs	816	570	1,905	1,028
Property Operations & Maintenance	1,202	978	1,614	1,415
Total	5,558	4,928	7,999	6,288
Income Before Management Fees	5,227	5,733	5,008	5,797
Management Fees (Base & Incentive)	249	431	0	0
Income Before Fixed Charges	4,420	5,673	3,431	5,044
Fixed Charges	2,298	1,808	1,064	2,643
Income Before Income Taxes	2,032	2,180	2,038	1,417
Reserve for Capital Replacement	568	799	318	568

*All figures are medians and do not necessarily add to totals shown.

Exhibit V-17
Ratio to Total Sales*
Latin America/Caribbean

	Total Region	Mexico	Caribbean	South America
Average Annual Occupancy	68.8%	67.7%	72.5%	67.1%
Average Annual Room Rate	$42.68	$35.31	$33.86	$46.02
Revenues				
Rooms	56.4%	59.4%	55.3%	52.2%
Food	21.1	18.6	26.8	23.4
Beverage	11.5	12.1	10.3	11.9
Other Food & Beverage	0.4	0.1	0.4	1.0
Telephone	3.3	3.0	2.1	5.6
Minor Operated	1.3	0.8	1.4	2.5
Rentals & Other Income	2.1	2.4	1.7	2.0
Total	100.0	100.0	100.0	100.0
Department Expenses				
Rooms	10.5	10.5	11.2	9.8
Food & Beverage	22.9	19.2	27.0	27.9
Telephone	2.5	2.1	2.1	4.7
Minor Operated	0.6	0.2	1.3	1.6
Total	38.0	33.3	38.3	43.7
Department Profit				
Rooms	44.6	47.9	38.4	41.3
Food & Beverage	9.8	10.4	8.9	9.3
Telephone	0.5	0.9	0.2	0.4
Minor Operated	0.2	0.3	0.1	0.5
Rentals & Other Income	2.1	2.4	1.7	2.0
Total	61.6	66.7	61.0	56.3
Undistributed Operating Expenses				
Administrative & General	11.0	10.6	10.0	11.8
Marketing	5.7	6.8	5.0	4.4
Energy Costs	4.3	3.7	8.2	4.2
Property Operations & Maintenance	7.0	6.3	7.5	7.0
Total	27.8	28.5	32.5	26.5
Income Before Management Fees	34.1	35.5	21.5	28.4
Management Fees (Base & Incentive)	1.8	3.0	0.0	0.0
Income Before Fixed Charges	28.7	33.1	15.9	21.7
Fixed Charges	8.9	8.9	7.8	9.9
Income Before Income Taxes	11.5	20.5	11.7	5.8
Reserve for Capital Replacement	2.8	3.1	1.3	2.2

*All figures are medians and do not necessarily add to totals shown.

Region V
Currency Conversion Tables
1987 vs. 1986 Percentage of Change
Latin America/Caribbean

	1986 Factor [$US/(x)]	1987 Factor [$US/(x)]	Percentage of Change
Subregion 1—Mexico	0.00169	0.000735	(56.5)
Subregion 2—Caribbean			
Bahamas	1.00000	1.000000	0
Barbados	0.49719	1.497190	0
Bermuda	1.00000	1.000000	0
Jamaica	0.18257	0.167081	(8.5)
Netherlands Antilles	0.55556	0.555556	0
Puerto Rico	1.00000	1.000000	0
Trinidad & Tobago	0.27778	0.277778	0
British Virgin Islands	1.47109	1.000000	0
U.S. Virgin Islands	1.00000	1.000000	0
Subregion 3—South America			
Argentina	1.07270	0.503539	(53.0)
Brazil	0.07238	0.029785	(58.8)
Chile	0.00517	0.004533	(12.3)
Colombia	0.00513	0.004103	(20.0)
Ecuador	0.00577	0.005079	(12.0)
Peru	0.07168	0.051479	(28.2)
Venezuela	0.13333	0.068965	(48.3)

Source: *International Financial Statistics.*

APPENDIX I: EXPLANATION OF TERMS AND BASES USED

The accounting information has been accumulated using the 8th revised edition of the *Uniform System of Accounts for Hotels*, approved by the American Hotel & Motel Association, as a basis. The following paragraphs define the terms used in this study.

Room Sales

This category includes revenue from guest accommodations rented on a part-day, full-day, or longer period basis. The figures are net of any sales or turnover taxes and service charges paid to employees.

Revenue from public rooms ordinarily used for food and beverage service is not included in room sales.

Food Sales

This category includes revenue derived from the sale of food in restaurants, through room service or at banquets. Sales do not include meals charged by hotel management staff.

Beverage Sales

This category includes revenue from the sale of wine, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks. Sales do not include beverages charged by hotel management staff.

Minor Operated Department Sales

This category includes revenue derived from telephone, laundry and valet services. It also includes income from casino operations, pool club memberships and other departments operated.

Other Income

This category includes profit on foreign exchange, concession income and other income such as commissions from auto rentals, garage, parking lots and salvage.

Store Rentals

This category includes all income from rental of stores and showcases.

Cost of Food Sales

This category includes the cost of food served to guests, together with transportation and delivery charges, at gross invoice price less trade discounts. The cost of employees' meals is charged to the appropriate department and does not constitute a part of the cost of food sold.

Cost of Beverage Sales

This category represents the cost of wines, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks and all other material served as beverages, or used in the preparation of mixed drinks, at gross invoice price less trade discounts, plus import duties, transportation and delivery charges. The cost of employees' beverages is charged to the appropriate department and does not constitute a part of the cost of beverages sold.

Cost of Minor Operated Department Sales

This category represents the cost of telephone, laundry and valet sales and any other minor operated department sales.

Rooms Payroll

This category includes salaries and wages of personnel of the rooms department (front office, doormen and porters).

Also included are the employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Food and Beverage Payroll

This category includes salaries and wages of personnel in the food and beverage department (purchasing, receiving, storage, preparation, service, dishwashing, cashiers, and control). Also included are all employee benefits, such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Minor Operated Department Payroll

This category includes salaries and wages of personnel in all minor operated departments, including telephone, guest laundry, valet, casino and pool. Also included are all employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions. House laundry and employee cafeteria payrolls are not included as they have been allocated to the various departments and are included in other expenses.

Other Expenses

The term "other expenses" can cause confusion. At first sight, it is a loose term—for example, the expression "wages and other expenses" could be interpreted as "wages and all additional expenses incurred in operating a facility." However, its meaning is precise and refers to direct departmental expenses incurred in the operation of a department or service (rooms department, sales office).

Rooms, Other Expenses

This category represents expenses other than rooms payrolls as defined above, such as rooms cleaning supplies, guest supplies, laundry, linen, reservation expenses, paper supplies and travel agents' commissions.

Food and Beverage, Other Expenses

This category includes items such as china and glassware, cleaning supplies, decorations, guest supplies, laundry, linen, music and entertainment, menus and beverage lists, silver and uniforms.

Minor Operated Departments, Other Expenses

This category includes items such as telephone equipment rental, laundry supplies, casino uniforms, casino entertainment and pool supplies.

Undistributed Operating Expenses

This classification is used for (1) administrative and general expense, (2) marketing expense, (3) energy costs, and (4) property operation and maintenance expense. Each of these can be considered as an individual entity. Some examples of the expenses included are:

- Administrative and general other expense includes cash overages or shortages, commissions on credit cards, collection charges, executive

office expense, general insurance, postal, legal expense, trade association dues, traveling expenses, accountants and consultants fees.

- Marketing other expense includes advertising in all media and applicable travel expenses and supplies.
- Energy costs include the cost of electrical power, fuel, steam and water.
- Property operation and maintenance includes the cost of repairing buildings, electrical and mechanical equipment and fixtures, floor coverings, furniture, grounds and landscaping plus the cost of electric bulbs, mechanical supplies and removal of waste matter.

Income Before Fixed Charges

For purposes of this study, income before fixed charges is defined as the total of rooms department income, food and beverage department income, minor operated department income, store rentals and other income, less all undistributed expenses.

There are thus three levels of profit in the study. The first level is departmental profit (rooms, food and beverage, minor operated); the second is gross income (the sum of departmental profits plus store rentals and other income); the third is income before fixed charges (gross income less undistributed operating expenses).

Room Statistics

The published number of rooms for rental in a hotel usually differs from the actual number of rooms available—only the rooms permanently available to the public are used in computing ratios.

The number of rooms available in a period (usually a year) is the number permanently available multiplied by the days in the period.

The number of rooms occupied is the sum for the period of rooms rented to guests daily.

The number of guests is the sum of the daily house counts for a period.

Rate of Occupancy

The rate of occupancy is derived from the room statistics above. The average annual room occupancy is the ratio of total occupied rooms to total available rooms.

Average double occupancy is represented by total number of guests divided by total number of rooms occupied. This result can be expressed either on a guests per room basis, or as a percentage. Thus.

$$\frac{\text{total number of guests}}{\text{total occupied rooms}} = \frac{75}{50} = 1.50$$

This can be expressed as a double occupancy of 50 percent, or as 1.5 guests per occupied room.

Average Rate

There are two quantities widely used to express rooms sales on a unit basis—average room rate and the average rate per guest.

The average room rate is defined as room sales divided by the total number of rooms occupied.

The average rate per guest is defined as room sales divided by the total number of guests.

Number of Times Average Room Rate Was Earned

This measurement of operating efficiency is calculated by dividing income before fixed charges (house profit) per available room by the average room rate.

Food and Beverage Department

The ratios in the restaurant department are based on total food and beverage sales. The single exception is cost of sales. Cost of food sold is expressed as a percentage of food sales. Similarly, the cost of beverages sold is expressed as a percentage of beverage sales.

Current Ratio

The current ratio is defined as current assets, divided by current liabilities. The current portion of long-term debt has been excluded from current liabilities.

Inventory Ratios

Inventory figures taken from the balance sheet have been directly related to operations.

Average inventory is the sum of opening and closing inventories divided by two.

The turnover ratios represent cost of sales divided by average inventory.

Accounts Receivable Ratio

Average accounts receivable is the sum of opening and closing accounts receivable divided by two.

The turnover ratio represents sales divided by average accounts receivable.

APPENDIX II: IMPACT OF CURRENCY FLUCTUATIONS

The dollar amounts reported in this study are 1987 U.S. dollars, converted using a 12-month average of exchange rates obtained from the International Monetary Fund. The reader is cautioned that fluctuations in exchange rates can have a significant impact on the U.S. dollar values presented in this report. The strength or weakness of the U.S. dollar against other currencies must be considered when analyzing the amounts in this report or comparing them with previous editions. An example of this problem during the years 1987 and 1986 is illustrated in the accompanying exhibit.

Comparing the average room rates expressed in current dollars, three countries showed increasing rates: Mexico and Canada rose slightly while Germany showed a far sharper increase. However, if 1987 room rates are expressed in constant 1986 dollars, very significant changes appear both in the room rates and in the percent change. The increase in German rates becomes more moderate, while the change in Canada becomes negligible. Mexico, on the other hand, changed to show drastic inflation.

During 1987, the value of the dollar fell sharply against some currencies, but increased compared with others. Readers should therefore exercise caution when using the U.S. dollar as a standard for comparing other currencies.

Average Daily Rate Per Occupied Room

	Rates Expressed in Current Dollars			Rates Expressed in Constant 1986 Dollars		
	1987	1986	Percent Change	1987	1986	Percent Change
Germany	$78.43	$61.27	28.0%	$65.09	$61.27	6.2%
Canada	53.95	51.26	5.2	51.28	51.26	0.0
Mexico	35.31	33.60	5.1	62.50	33.60	86.0

Other publications relating to the lodging and leisure time industries are produced by Horwath & Horwath International (HHI) and individual member firms of HHI. Publications released by HHI can be obtained from the organization's headquarters in New York or any member firm. Publications produced by member firms are available directly from the HHI member firm that issues the publication. A directory of HHI member firms is on pages 90–92. A fee is charged for some of the listed publications and books.

HHI Publications

Worldwide Hotel Industry Flash
Trends in World Tourism (published in conjunction with the International Hotel Association)
Tourism Multipliers Explained (published in conjunction with the World Tourism Organization)
A Profile of Government Financial and Grant Aid to Tourism (published in conjunction with the World Tourism Organization)
Worldwide Hotel and Tourism Insight

Lodging Studies

Australia
Canada
Latin America and the Caribbean
France
Israel
Mexico
Netherlands
Paris
Portugal
Spain
Sweden
United Kingdom
United States (Individual studies are available for California, Florida, Texas and for selected segments of the hotel and related industries (see below).
Venezuela
West Germany

Other Leisure Time Industries Publications

United Kingdom:

Guidelines on Tourism Investment (published in conjunction with the World Tourism Organization)
Holiday Surveys Examined: A Pilot Guide to National Holiday Surveys in Western Europe by Professor S. Medlik
Hotel and Tourism Development (Jonathan Bodlender)—Presentation to the International Hotel Association and the American Hotel and Motel Association
Books written by personnel of the U.K. member firm of Horwath & Horwath (U.K.) Ltd. and Stoy Hayward and Co.:
The Business of Hotels by Professor S. Medlik
Hotel Accounts and Their Audit by Lawrence S. Fenton and Norman A. Fowler

United States:

U.S. Lodging Industry
U.S. All-Suite Lodging Industry
U.S. Economy/Limited-Service Lodging Industry
U.S. Resort Lodging Industry
Hotel Industry Insights (Forecasts and Analysis)
National Trend of Business in the Lodging Industry (plus various regional *Trends*)
California Restaurant Operations
Restaurant Operations Report (published in conjunction with the National Restaurant Association)
Financial Results & Reporting Trends in the Gaming Industry
Books written by personnel of the U.S. member firm of Laventhol & Horwath:
Hotel Accounting by Ernest B. Horwath, Louis Toth and John D. Lesure
Planning and Operating Motels and Motor Hotels by George Podd and John D. Lesure
Profitable Restaurant Management by Kenneth I. Solomon and Norman Katz

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